A U.S. DEPARTMENT OF COMMERCE WEEKLY

International Commerce

March 24, 1969

Special review: U.S. trade prospects in Central American Common Market

International Trade Winds

Company News

NUCLEAR REACTORS—General Electric Co.'s Atomic Power Equipment Department, New York, has completed installation of two nuclear reactors at the Government of India's Tarapur Atomic Power Station, and test operation will begin shortly. Commercial operation of the plant, which was built by International General Electric (India), is expected to begin at mid-year, after several months of tests. The twin 200,000-kilowatt reactors will provide electric power to the Indian states of Gujarat and Maharashtra. The Tarapur station is India's first atomic reactor to go into service.

COMMUNICATIONS—RCA Global Communications, Inc., New York, has announced a doubling of communications facilities linking the United States with the Republic of South Africa. The company also instituted on Mar. 1 a new one-minute minimum charge, replacing the three-minute minimum previously charged. New satellite and cable facilities were used to increase the number of telex, telegraphic, and private leased channels available between the two countries.

CONSTRUCTION ENGINEERING—McKee-CTIP International, Inc., and Compagnia Tecnica Industrie Petroli (CTIP), Rome, both affiliates of Arthur G. McKee & Co., New York, have been awarded contracts valued at $5 million for crude oil processing units in Barrancabermeja, Colombia. The McKee affiliates have just completed engineering, procurement, and construction of paraffin and lube oil complex at the same location for Empresa Columbiana de Petroleos, for which the new work will also be completed.

INDUSTRIAL FINISHES—Dutch Masters Paint & Chemical Co., Ltd., Brooklyn, has concluded an affiliation agreement with Panther Best Co., Tehran, Iran. The Iranian firm, in collaboration with Dutch Masters, will build a plant at Abadan, Iran, to manufacture a complete line of architectural and industrial finishes using Dutch Masters technology and merchandising know-how. Full production for the plant is planned by late this fall. The finished products will be sold in Iran, Lebanon, Jordan, and the Sheikdoms of the Persian Gulf.

Newsletter

Commerce's computer has now digested trade-useful data on 64,000 companies around the world and printed it out again as automated Trade Lists. A total of 1,503 such lists group firms, by commodity, in 37 major trading nations. There are 54 all-inclusive company lists for as many more smaller nations. Each entry in these lists of importers, distributors, agents and manufacturers is based on a World Trade Directory report prepared by U.S. Commercial Officers in the country of origin. Trade Lists, at $1 each, are available from Commerce Field Offices.

A cross section of the upper levels in Thailand's government, banking and business community—that is a quick description of the list of participants in the Bangkok U.S. Trade Center's Credit Seminar held last month. Six U.S. Commercial/Economic Officers came in from Hong Kong, Djakarta, Saigon and Vientiane to contribute to the discussions. The seminar team was solidly booked for individual appointments in Bangkok before it had to move on to Kuala Lumpur, Manila, Taipei and Seoul.

Display of the newest and most sophisticated equipment by 23 U.S. companies in the materials testing and quality control fields drew nearly 2,000 trade visitors to the Milan U.S. Trade Center this month. First reports at the show's windup indicated $430,000 in sales off the floor. Two firms already established in other European markets used this exhibition as their first marketing effort in Italy.

A spectacle for the eye was Winchester-Western's exhibition of safety flares at the Tokyo U.S. Trade Center in mid-February. Hundreds of flares, backed by catchy photomurals and explanatory panels, attracted visitors to the between-regular-shows promotion of this division of Olin Mathieson. Follow-on sales of about $40,000 worth of flares are expected in the next year.

Sweet music for the ear was the between-regular-shows promotion for James B. Lansing Sound of Los Angeles at the Frankfurt U.S. Trade Center last month. Arranged by Lansing's German rep, Inter Hi-Fi, the show brought together 35 dealers from Germany and four agents from other European countries for sales training and product orientation. Six-figure sales are projected from the event.

NOTICE: This information is offered to preview or provide informally brief and varied comment on Bureau of International Commerce worldwide export and investment promotions. It is not final and does not substitute for detailed know-how and analysis in our regular news columns.

U.S. Department of Commerce

Maurice H. Stans
Secretary

Kenneth N. Davis, Jr.
Assistant Secretary for Domestic and International Business

Lawrence A. Fox
Director, Bureau of International Commerce

Clarence M. Zens
Managing Editor

Americo A. W. Favale
Director of Graphics

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the cover

U.S. trade and investment prospects in the Central American Common Market are outlined in a special 21-page section beginning on page 7. Commerce Department economists and Foreign Service commercial officers on the scene in each of the CACM's five member countries contributed their assessments. The verdict—the area's growth should remain strong despite some problems in integrating the different national economies, creating substantial opportunities for U.S. business.

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Special Report

Prospects for U.S. Firms in Central American Common Market Reviewed, Pages 7-27

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Water Purification and Desalination Exhibition in Rome was most successful in Commerce Department's exhibition history

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For third consecutive year, increase of more than 10% was registered; balance-of-payments outlook continues favorable

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Rice, corn and rubber all increased in 1968; U.S. military construction on the decline, but Government is initiating new projects

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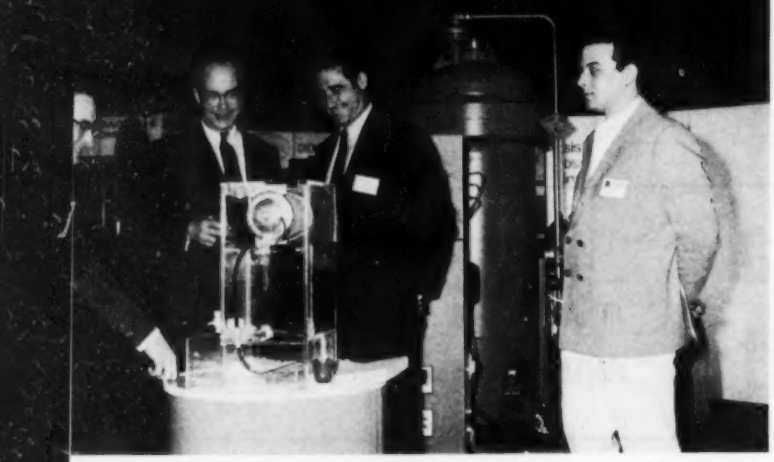
PURAQUA show at Rome



U.S. AMBASSADOR TO ITALY Gardner Ackley (second from left in above left photo) opened the exhibition and toured display booths of U.S. companies.

Registration of visitors (above right) totaled over 3,200, with total attendance estimated at well over 4,000, not including many repeat visitors to the show.

SCALE-PREVENTING EQUIPMENT was shown by Superior Water Conditioners (above), while Aerojet-General (below) showed reverse-osmosis process for conversion of sea water to fresh at low cost.

Water treatment exhibit brings highest U.S. sales forecast yet

Exhibitors forecast over $33 million in new business in next year; technical sessions bring thousands of visitors to Rome show

With sales projections reaching well over $60 million dollars over the next five years, the U.S.-sponsored PURAQUA Exhibition and Conference on Water Purification and Desalination at Rome has firmly established its claim as the most successful event in the six-year history of the Commerce Department's Commercial Exhibitions Program.

Attendance, heavy throughout the show, included representatives from an unprecedented 37 countries, with official delegations from Saudi Arabia, Czechoslovakia, Greece, Israel, Libya, Spain, Yugoslavia, and the Council of Europe.

Reports from 51 of the 56 U.S. exhibitors in the exhibition show projections of $33 million in sales over the next twelve months, entirely as a result of business contacts made at the PURAQUA show.

Looking ahead further, seven participants projected additional sales of $11 million during the second year following the exhibition, while four estimated potential business of between $22 and $27 million more to be realized during the period from three to five years after the Rome exhibition, held Feb. 17-23.

Over half the exhibitors showing the latest in U.S. water purification and treatment equipment and technology were either new to the Italian market or were selling their products overseas for the first time. Eleven were freshman exporters, and 20 more were making their initial sales effort in Italy.

The exhibitors were unanimous in stating that the conference accompanying the show played the major role in attracting high-ranking corporate decision-makers to the show. Comments that response and interest was beyond anything that had been anticipated, and that firm contracts and potential sales ranging far beyond Italy have resulted from the show were typical of exhibitors' reactions.

Companies reported sound sales leads in most Mediterranean, Middle Eastern, European, and North African countries.

The conference was opened by U.S. Ambassador to Italy Gardner Ackley and Italian Minister for Scientific Research and

reaches high water mark

ITALIAN MINISTER FOR SCIENTIFIC RESEARCH AND TECHNOLOGY Salvatore Lauricella (at microphone, above) opened a series of technical meetings at the **PURAQUA** conference on water technology. Visitors and exhibitors alike praised the conference, which attracted thousands of businessmen for 37 countries.

Technology Salvatore Lauricella. General Chairman for the conference was J. I. Bregman, Deputy Assistant Secretary for Water Quality and Research, U.S. Department of the Interior, and speakers at the sessions included Acting Assistant Secretary of Commerce for Science and Technology Allen Astin, top officials of Italy's National Research Council, and scientific experts from the U.S. Departments of State and Interior, as well as the U.S. Atomic Energy Commission.

Attendance at the four plenary sessions of the conference reached as high as 1,000 persons, and crowds of up to 550 attended the 11 technical sessions held during the five and one-half days of the program.

Desalting sessions proved to be of highest interest to the international group attending the PURAQUA show and conference, with many questions heard from the floor during each of the technical sessions.

Visitors commented on the value of the papers being presented, and by the end of the show, the entire supply of 1,000 copies of each paper presented had been exhausted.

Total registered trade attendance at PURAQUA topped 3,200, with U.S. Exhibition officials estimating that heavy traffic in the first days probably added 500 to the total. Staff observation indicated that while visitors were registered only once, most came on two or more days, and many came each day of the exhibition.

The exhibits sponsored by the U.S. Atomic Energy Commission and the Office of Saline Water drew many favorable comments from the businessmen who attended. Officials of the governments of several countries have requested prints of the AEC film shown at the PURAQUA exhibition, entitled "The Great Challenge."

Both the film and the Office of Saline Water exhibit on technology of desalination plants provided information on plant development and project operations.

Other U.S. agencies at the show included the State Dept. and Eximbank.

Aqua-Chem's regional manager at the exhibition confidently predicted that sales of his company's desalting equipment would reach $10 million over the next

WATER STRAINING SYSTEM shown by Zurn Industries (above) was shipped to the U.S. Trade Center in Stockholm for a repeat performance of its Rome success at a Mar. 20-26 show of pulp and paper industry equipment. Butterfly valves by Fisher (below) drew interested buyers to that company's booth.

year as a result of new contacts made at the Rome show.

"By 1971 we expect to receive approximately $25 million in sales as a result of PURAQUA," reported Aqua-Chem's Anthony Santilli. "If a Commerce show on water is planned in the future, we suggest that it be exactly like this one, with technical papers and the exhibition."

Dorr-Oliver's marketing director R. P. Logan was even more vocal in his praise of the exhibition. "The attendance was far beyond our expectations in number, quality, and countries of origin," Logan said. "A very successful show," he continued, "and we are confident that considerable sales will result from our participation."

Dorr-Oliver's prediction of sales over the next 30 months was placed at $1.5 million, and even though the company had not actively sought agent applications, a number of proposals were received, which the company is planning to study.

"Business resulting from our participation in the exhibition should exceed an annual rate of $1 million after five years," said Zurn Industries' group vice president.

"We received exposure to numerous people in geographical areas where we had previously had no business contacts," the Zurn report continued, "and we could not have expected to make these contacts for several years to come."

Culligan's Italian subsidiary reported "very good contacts," and the company official on the scene reported that Culligan would realize some $1 million in new sales during the next twelve months.

Catalytic Construction Co., entering the Italian market for the first time at PURAQUA, predicted first year sales of $5 million, "if only the 'hottest' project under consideration proceeds," and went on to point out that if all three "significant contacts" made at the show materialized, the company's increased business volume could be $40-60 million.

Officers of Catalytic pointed out that potential for large seawater desalting plants such as those on which it works is likely to be far greater in the 1975-85 decade, and that the company had picked up leads which could develop into definite plans for 50 million gallon-per-day installations, at $40-200 million apiece.

The company's conclusion was that "PURAQUA will certainly have an effect on our business in the key years 5-15 years ahead."

"Potential beyond twelve months may be several millions of dollars in systems alone," reported Badger Meter's sales coordinator after the show. "Response has been well beyond anything we optimistically anticipated."

Instrument makers' mission off soon for Eastern Europe

Specialized group will study markets in 4 nations Apr. 7-25

An instrument industry trade mission will be leaving the United States early next month to appraise markets in Eastern Europe.

Organized by the Scientific Apparatus Makers Association, the mission—the first from the instrument industry to these countries—will meet with scientists, medical and industrial research workers, trade ministers and governmental officials in Yugoslavia, Romania, Poland, and Czechoslovakia, Apr. 7-25.

The eight U.S. businessmen comprising the mission hope to become more familiar with the scientific instrument market and related trade practices in these countries, and to strengthen existing channels in order to expand two-way trade between the United States and each of the four countries to be visited.

They will be briefed before their departure by Commerce and State Department officials, representatives of the Export-Import Bank of the United States and other organizations concerned with trade expansion.

The group has been approved by the Commerce Department under the industry-organized Government-approved trade missions program. Government Advance Officer Friedrich Crupe of the Commerce Department's Trade Missions Division, and industry Advance Officer James French of the Association staff, have been arranging appointments and itinerary. French will also serve as Mission Director.

The group will be operating in Belgrade, Zagreb, Bucharest, Warsaw, and Prague.

Firms participating, their locations, representatives on the mission, and typical products to be discussed are:

American Instrument Co., Silver Spring, Md., Stanley Dosik, biochemical instrumentation; W. H. Curtin & Co., Houston, Tex., Vicente Scippa, laboratory equipment and chemicals; Hays Corp., Michigan City, Ind., Philip A. Sprague, gas analyzers, recorders and combustion control systems; Infotronics Corp., Houston, Tex., Leslie B. Thomas, digital integrators for analytical instruments;

Instrumentation Laboratory, Lexington, Mass., Robert J. DeLuca, biomedical and laboratory instruments; Ohaus Scale Corp., Union, N.J., Robert L. Preston, precision balances; Perkin-Elmer Corp., Norwalk, Conn., John H. Rhodes, laboratory analytical instruments and electro-optical systems; Yellow Springs Instrument Co., Yellow Springs, Ohio, Hardy W. Trolander, physiological and environmental instruments.

The sponsoring association, with 225 member companies, represents various segments of the U.S. scientific instrument industry. For additional information, **write:** Scientific Apparatus Makers Association, 1140 Connecticut Ave. N.W., Washington, D.C. 20036.

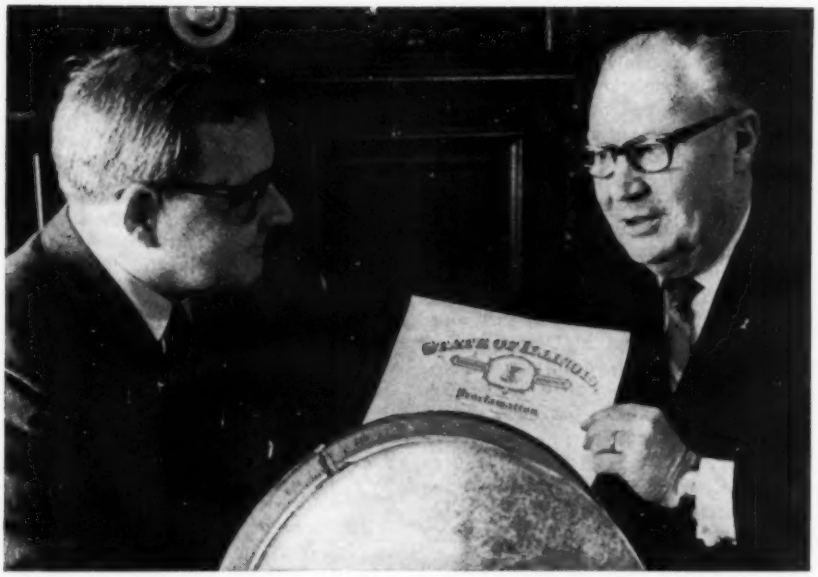
Airborne instrument mission exhibiting in Latin America

Already abroad in other markets is an electronic instrument industry group, accompanying airborne exhibits of U.S. equipment to five cities in Latin America.

At present displaying their samples in Brazil, a mobile trade fair/mission sponsored by Pan American World Airways and the Commerce Department landed earlier this month in Mexico City, where they culled sales leads far exceeding their expectations. Company representatives estimate their potential sales there at $360,000. Several hundred technical, government, industry, and education executives visited the fair.

The fair mission flew on to Santiago and Buenos Aires, and, after its stay in Rio de Janeiro, will wind up its operations in Sao Paulo Apr. 5.

Companies exhibiting, and names of representatives and their products, are: Beckman Instruments, Inc., Fullerton, Calif., R. M. Beaumont, scientific and electronic instruments; Electronic Associates, Inc., West Long Branch, N.J., John Offermans, analog digital computers; Instron Corp., Canton, Mass., William J. Hearn, precision materials testing instruments; Keithley Instruments, Inc., Cleveland, Ohio, A. D. Oliverio, electronic test and measuring instruments; Laboratory Equipment Corp., St. Joseph, Mich., D. J. Anderson, analytical instruments for determination of carbon, sulfur, and oxygen in metals and other materials; and Tektronix, Inc., Beaverton, Ore., cathode ray oscilloscopes.



INTERNATIONAL TRADE DAY IN ILLINOIS is scheduled for March 25 by Governor Richard Ogilvie (l.) and Ray C. Dickerson (r.), director of the Illinois Dept. of Business & Economic Development.

Nation's top export State to bring world trade story to its leaders

Illinois symposium has sponsorship of business, agriculture, labor, service groups; role in State economy is subject

The export leader is going to its own leaders this week. Illinois, No. 1 among the 50 states in export, will tell its molders of opinion how international trade and investment play a major part in the State economy.

The one-day World Trade Symposium will be held tomorrow in Springfield under the sponsorship of the Illinois Committee for International Trade Information, an *ad hoc* committee composed of representatives of leading Illinois agriculture, business, service, and labor organizations, and of the Agricultural and Manufacuring Export Advisory Committee and International Trade Promotion Advisory Committee of the State of Illinois.

Opinion makers invited

Invitations have been extended to 1,800 opinion makers throughout the state; members of the General Assembly; the State Congressional delegation; and representatives of the press and other media, and of agriculture, business, banking, labor, civic organizations, and service clubs. The site of the March 25 World Trade Symposium is the Holiday Inn East.

Guest speakers will be Governor Richard B. Ogilvie; William Blackie, chairman of the board of Caterpillar Tractor Co., Peoria; and Henry Hall Wilson, president of the Chicago Board of Trade.

Panel discussions

A morning panel discussion session will treat the impact of international trade and investment on the economy of Illinois. Participating will be: representing agriculture, William Kuhfuss, president of Illinois Agricultural Assn., Bloomington; representing industry, Donald L. Porth, executive vice president of Culligan, Inc., Northbrook; from retail trade, Mrs. Edith Grimm, vice president of Carson, Pirie, Scott & Co., Chicago; and representing services, Donald Erickson, partner-in-charge of the Chicago office of Arthur Andersen & Co.

An afternoon discussion will focus on historical perspectives and considerations regarding the future of international trade and investment. Participating will be: Dr. Donald A. Wells, associate professor of economics, Southern Illinois University; Dr. Paul A. Groke, professor and coordinator of international business, Northern Illinois University; and Dr. Donald L. Kammerer, professor of economics, University of Ilinois. Discussion chairman is Robert E. Hartley, editor of *Herald and Review*, Decatur.

Outlook for state

The final panel will discuss the outlook for Illinois international trade and investment. Participating will be William Bricen Miller, chairman of the Illinois Committee for International Trade Information; Ray C. Dickerson, director of the State Department of Business and Economic Development; John W. Lewis, director of the State Department of Agriculture; E. E. Schnellbacher, assistant director of the U.S. Commerce Department's Bureau of International Commerce; R. L. Beukenkamp, coordinator of export services, Foreign Agricultural Service of the U.S. Department of Agriculture; and Robert G. Biesel, chairman of the Illinois Manufacturing Export Advisory Committee.

Robert L. Bean of the Illinois Department of Business and Economic Development will be the coordinator of the symposium.

ASIE foreign trade exams scheduled for May 24

The American Society of International Executives has scheduled its foreign trade examinations for international business personnel wishing to qualify for professional standing on May 24.

The examinations will be conducted from 9 a.m. to 12 noon in the following cities: Atlanta, Baltimore, Boston, Buffalo, Chicago, Cleveland, Dallas, Denver, Detroit, Houston, Indianapolis, Kansas City, Los Angeles, Miami, Milwaukee, Minneapolis, New York City, Philadelphia, Pittsburgh, Portland, Ore., Richmond, Rochester, N.Y., St. Louis, San Francisco, Seattle, Toledo, Washington, D.C., San Juan, Puerto Rico, and other locations where arranged.

Examinations will be given for certified documentary specialist; certified international executive in export management, traffic management, forwarding, and air forwarding; and qualified international executive in export management, traffic management, forwarding, and air forwarding.

For further information, write: American Society of International Executives, Secretarial Suite, Sheraton Hotel, Philadelphia, Pa. 19103.

Pa. seminar, trade mission to explore S. American market

Pennsylvania exporters will take a long look South during 1969—all the way south, to South America. The year-long emphasis on penetration of the South American market will be highlighted by a two-day seminar in Harrisburg Apr. 8-9 and the dispatching of a state trade mission to visit four leading South American cities later in the year.

Pennsylvania Gov. Raymond P. Shafer will be a luncheon speaker at the seminar.

The meeting will also include discussions on: A Comparison of Merchandising in Europe and South America, led by Everett F. Zurn, board chairman of Zurn Industries; Doing Business in South America Through Licensees, led by John H. Henshaw, president of PPG Industries International and Fred H. Klein, vice president of Orr & Sembower; Doing Business in South America Through Company Branches, Subsidiaries or Affiliates, chaired by Charles Dexter, chairman of Liggett Spring and Axle Co.; Doing Business in South America Through Distributors or Manufacturer's Agents, led by Anthony M. Swartz, director of international sales for Keebler Co., and Richard Fraenkel, export sales manager for Bacharach Instrument Co.

The trade mission, Pennsylvania's third, will study prospects for the state's products in Caracas, Venezuela; Rio de Janiero and Sao Paulo, Brazil; and Buenos Aires, Argentina. Earlier missions went to Europe and the Far East.

For further details on either event, **write:** John T. Acton, Director of International Trade and Port Development, Dept. of Commerce, Harrisburg, Pa.

Commerce extends export denial against German firm

An order denying the U.S. export privileges of Petroservice International G.m.b.H. (PSI) of Wiesbaden, West Germany, and Michael Schmidt-Sandler, its commercial manager, which was scheduled to expire on Mar. 11, has been extended until further notice.

According to the Commerce Department's Bureau of International Commerce (BIC), PSI and a predecessor firm bearing the same name have been subject to orders denying U.S. export privileges since July 1967. BIC said there is reasonable basis to believe that PSI and Schmidt-Sandler have recently been involved in transactions in violation of the U.S. export regulations and that it is in the public interest to continue restrictions until disposition is made of formal charges.

The order, which is now temporary, will remain in effect until the completion of administrative compliance proceedings.

Until further notice the parties, their agents, representatives and employees are barred from U.S. export operations. The U.S. export regulations provide that without authorization from the Department of Commerce no person may trade in commodities exported from the United States with a party he knows has been denied U.S. export privileges.

Eximbank helps finance Iran's first earth station for satellite communication

The Export-Import Bank has authorized a loan for Iran's first earth station for satellite communications. The new station, which will be located near Hamadan some 200 miles southwest of Tehran, will cost $5.25 million, including local expenses. Page Communications Engineers, Inc., of Washington, D.C., a subsidiary of Northrop Corp., has been awarded a turnkey contract for the project.

The new station is to be in operation in time for the Second Asian Trade Fair to be held in Tehran this October. Dollar costs of the project total some $4.45 million. The Imperial Government of Iran will make a cash payment of $445,000, and Page Communications Engineers, Inc., will participate in Eximbank's credit to the extent of $400,500. The Iranian Plan Organization will provide the $800,000 equivalent of local costs.

Philippines to buy U.S. telephone items with loan

The Export-Import Bank has authorized a $6.7 million credit to the Philippine Long Distance Telephone Company (PLDT) to help finance purchases of U.S. equipment and services needed to expand and improve local and long distance service.

Established in 1928, PLDT is the largest telephone company in the Philippines. The expansion program assisted by Eximbank will double the number of phones in service by January of 1973. General Telephone & Electronics of New York and its affiliates will supply much of the equipment.

Michigan U. holds seminar in France

The University of Michigan is offering an Advanced Management Seminar in France for international business executives, with senior faculty members from the University plus faculty from European institutions. U.S. Ambassador to Italy Gardner Ackley, former chairman of the Council of Economic Advisers, is also listed on the faculty.

International business executives participating in this three-week program will join with colleagues from other similar organizations, and through involvement techniques will be able to sharpen managerial skills.

The seminar group will leave Detroit or New York on June 13 and return on July 4. Sessions will start on Sunday evening, June 15 and run through Thursday afternoon of each week. Evening sessions are scheduled from Sunday through Wednesday.

The total fee for the three-week program is $1410, payable upon notification of admission to the program.

Write: William A. Earl, Program Director, Institute for International Commerce, The Graduate School of Business Administration, The University of Michigan, Ann Arbor, Michigan 48104. (Telephone: 313-764-8261.)

Ghana puts 5% surcharge on variety of imports

A large number of commodities which may be imported into Ghana under Open General License are, as of Feb. 13, subject to a special surcharge of 5% of the c.i.f. value. This surcharge is in addition to the customs duties on the various goods.

Some of the commodities subject to the new surcharge are spare parts for machinery, electrical or non-electrical, including motor vehicle parts; agricultural machinery, appliances and hand tools; manufactured fertilizers; insecticides; all chemicals, and outboard motors. Among those goods specifically exempted from the surcharge are medicinal and pharmaceutical products, and text books.

Ghana also placed an import duty of N¢ .02½ (N¢ 1.00=$0.98) per pound on previously duty-free imports of rice and fish (fresh, frozen, dried, or prepared) and increased the duty on wheat flour from N¢ .01 to N¢ .04 per pound.

Trade prospects viewed

Economies of the five CACM countries continue to grow despite regional problems

By JAMES VON STROEBEL
and
ROBERT H. BATEMAN

American Republics Division, BIC

The economy of Central America continued to grow in 1968 as a result of the continuing success of the Central American Common Market (CACM). Preliminary data point to a real, if modest, growth in the per capita gross national product of all five member countries.

Total imports appear to have increased for Costa Rica, Guatemala and Honduras and to have fallen for Nicaragua and slightly for El Salvador, but intra-regional trade continued to increase for all countries. In absolute values, imports from the United States increased, and final statistics probably will show that the U.S. share of the extra-CACM trade in 1968 either held its ground or increased slightly. Total exports of the CACM increased, although only slightly for El Salvador and moderately for Nicaragua. The outlook for both GNP and trade growth is good.

As is natural in any organization, and most especially in any international or regional attempt at uniform action or policy, problems and crises can be expected to arise from time to time. The viability of any group is indicated not so much by its ability to operate under ideal circumstances as it is by its ability to succeed in the face of adversity and problems.

During the years of the establishment, by bits and pieces, of the framework of the CACM, the member countries have been faced with a number of problems, large and small. Successful solution of these has strengthened the CACM and has resulted in a greater degree of maturity in the approach of the five countries to the next crisis. The surprises in the CACM regional effort have not been the difficulties but rather the successes in attaining solutions to those difficulties.

At this time the CACM is facing another crisis. Although no knowledgeable observer discounts the seriousness of the situation and the very real potential that

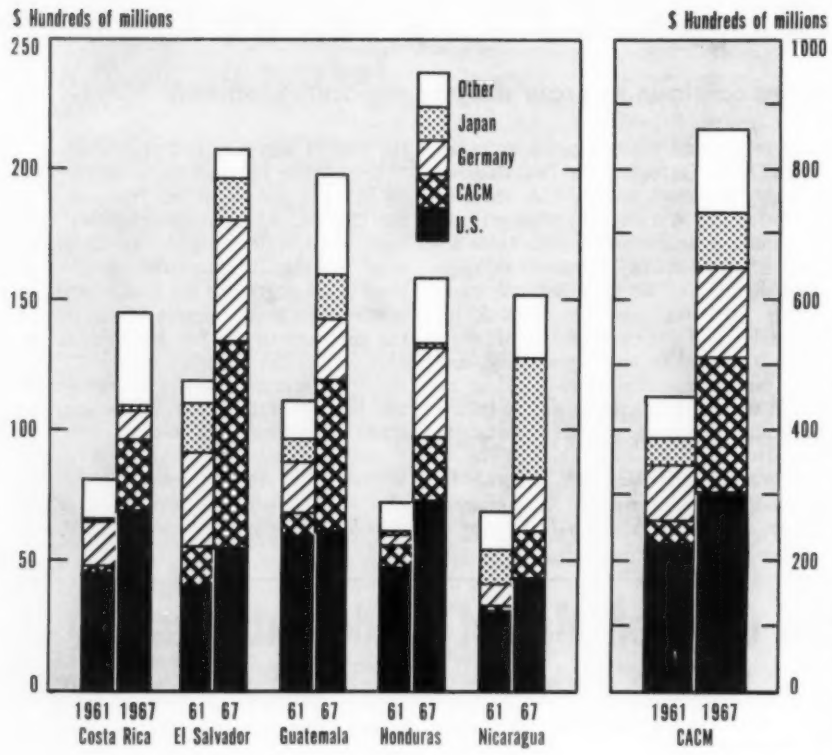
Central American Common Market Trade Patterns

1961 and 1967

	Costa Rica		El Salvador		Guatemala		Honduras		Nicaragua		Central America	
	1961	1967	1961	1967	1961	1967	1961	1967	1961	1967	1961	1967
IMPORTS (c.i.f. value millions of dollars)												
Total imports	107.2	190.7	108.7	223.5	133.6	247.3	72.0	164.6	74.4	203.9	495.9	1,030.0
From CACM	4.0	34.2	14.7	54.5	8.9	42.1	6.3	40.8	2.9	42.4	36.8	213.9
Costa Rica	—	—	0.6	6.8	0.9	5.3	0.1	5.4	0.5	13.6	2.1	31.1
El Salvador	1.6	12.3	—	—	6.8	29.3	4.6	19.9	1.4	13.6	14.4	75.1
Guatemala	1.1	11.3	6.8	29.9	—	—	1.5	11.8	0.9	12.6	10.3	65.7
Honduras	0.4	3.2	6.6	12.4	1.2	5.4	—	—	0.1	2.5	8.3	23.5
Nicaragua	0.9	7.4	0.7	5.3	0.1	2.1	0.1	3.8	—	—	1.8	18.6
From United States	49.9	73.8	42.6	69.8	63.4	100.2	37.5	79.3	36.3	87.8	229.7	410.9
From West Germany	11.6	14.8	10.6	16.0	14.7	24.8	4.5	8.9	6.1	14.0	47.5	78.5
From Japan	7.4	16.4	7.6	16.8	5.9	22.0	5.7	7.4	4.5	13.4	31.1	76.0
As % of total imports:												
Intra-CACM trade	3.7	17.9	13.5	24.4	6.7	17.0	8.8	24.8	3.9	20.8	7.4	20.8
From United States	46.5	38.7	39.2	31.2	47.5	40.5	52.1	48.2	48.8	43.1	46.3	39.9
As % of Extra-CACM imports:												
From United States	47.4	47.2	45.3	41.3	50.8	48.8	57.1	64.0	50.1	54.4	50.0	50.3
From Germany	11.0	9.5	11.3	9.5	11.8	12.1	6.8	7.2	8.5	8.7	10.3	9.6
From Japan	7.0	10.5	8.1	9.9	4.7	10.7	8.7	6.0	6.3	8.3	6.8	9.3
EXPORTS (f.o.b. value millions of dollars)												
Total Exports	79.8	143.8	119.1	207.1	110.2	197.9	72.3	158.1	68.4	151.7	449.8	858.5
To countries of CACM	2.2	26.9	15.0	79.2	8.6	57.8	8.6	24.4	1.8	18.2	36.2	206.6
Costa Rica	—	—	1.5	12.8	0.8	9.1	0.3	3.3	0.9	7.2	3.5	32.4
El Salvador	0.7	6.1	—	—	6.2	28.7	6.2	11.7	0.7	4.9	13.8	51.4
Guatemala	0.9	5.6	7.7	32.8	—	—	2.1	6.7	0.1	2.4	10.8	47.5
Honduras	0.2	4.4	4.6	20.0	1.3	9.4	—	—	0.1	3.7	6.2	37.5
Nicaragua	0.4	10.8	1.3	13.6	0.3	10.6	0.1	2.8	—	—	2.1	37.8
To United States	45.2	68.6	40.2	55.1	58.8	61.0	47.5	72.5	30.9	43.5	222.6	300.6
To West Germany	17.1	11.2	36.3	46.3	19.4	23.7	3.9	34.4	8.2	20.5	84.9	136.0
To Japan	0.5	1.5	18.7	15.9	8.5	17.0	0.4	4.4	13.3	45.6	41.4	84.4
As % of total exports:												
Intra-CACM trade	2.8	18.7	12.6	38.2	7.8	29.2	11.9	15.5	2.6	12.0	8.0	24.1
To United States	56.6	47.7	33.8	26.6	53.4	30.8	65.7	45.8	45.2	28.7	49.5	35.0
As % of Extra-CACM exports:												
To United States	58.2	58.7	38.6	43.1	57.9	44.6	74.6	54.2	46.4	32.3	53.8	46.1
To Germany	22.0	9.6	34.9	36.2	19.1	17.3	6.1	25.7	12.3	15.3	20.5	20.9
To Japan	0.6	1.2	18.0	12.5	8.4	12.4	0.6	3.3	20.0	34.2	10.0	12.9

Value and destination of CACM exports

(c.i.f.)



precipitate action could alienate temporarily one or two of the countries, most believe that the problem will be resolved satisfactorily and that the community of the five countries will emerge even stronger as a result.

The current problem has grown out of the varying fiscal and balance of payments difficulties of the members. In June 1968 the five signed the San Jose Protocol which required the imposition of a 30% surcharge on external imports and allowed optional consumption taxes to be levied, applicable to goods of regional origin as well as those of domestic manufacture. Member countries which do not apply the surcharge have certain advantages over those which do. Although originally designed to assist Costa Rica, that country has not implemented the Protocol. Several of the other countries also have delayed implementing this and other regional agreements.

Nicaragua, contending that these delays have placed her at a serious disadvantage, early in 1969 imposed a surcharge on all intra-CACM trade which in effect reinstitutes the levels of the 1955 Nicaraguan national tariff. This has been countered by the other members by invoking sections of the General Treaty of Economic Integration which allow the collecting of a *fianza* or deposit bond on all imports from Nicaragua equal to the common external tariff or the prevailing national rates.

Can move ahead

If this storm can be successfully weathered, there is hope that all five countries can go on to tackle some of the more difficult and sensitive steps still remaining to achieve full integration. These include closer financial and fiscal cooperation and planning, means of rapid solution of trade problems as they arise, and even a full customs union.

Such a union is really the key to the common market, for not until a system is devised to distribute fairly revenues from duties charged on imports from third countries will there be a really free flow of goods and services within the CACM. There has been relatively free circulation of goods of Central American origin, but goods from third countries cannot pass from one CACM member to another without paying the common external tariff at each national boundary (except for goods only in transit).

While there has been an increase in "thinking the unthinkable," that is, contemplating the dissolution of the CACM or at least a winnowing down to the three northern countries, there are a number of very important factors to weigh against this. For one, a good part of the financial resources that have been made available to the Central American countries in recent years were induced by their progress toward integration. Foreign private investment was attracted by the market potential of the five countries combined, whereas often the potential of only one was insufficient to justify consideration. International lending agencies have taken the regional potential into consideration in approving projects for CACM member countries. Should the unifying trend of the CACM begin to reverse itself, it is unlikely that the inflow of external capital would continue at the same pace.

Crop production

Another factor is that there still seems to be a genuine enthusiasm for and commitment to integration on the part of Central American government functionaries who are doing much of the work of holding together and strengthening the CACM. There is also a strong preference on the part of a large segment of the business community and the population in general to continue the Common Market.

When looking at the present crisis, it is also good to bear in mind that the balance of payments difficulties which set it off are transitory in nature. There is general agreement that in the medium and long-term prospective each of the five countries will continue to prosper as a full member of the CACM more than outside of it. The longer run, deeper considerations favor the regional integration movement.

Trade among the CACM members has grown rapidly over the last few years, and continues to do so in total value, even if at a gradually decreasing rate. In 1967 intra-CACM trade amounted to $213.6 million, a 23% increase over 1966. When the final tabulation is made, 1968 will probably show an increase of about 21% over 1967. Changes in the commodity composition of this trade were minimal in the first six months of 1968 compared with 1967, with the breakdown as follows: manufactures 52%, food products 23%, chemicals 14%, and other products 11%. Since the beginning of the CACM, however, manufactured and processed products have taken an ever growing share of the total trade.

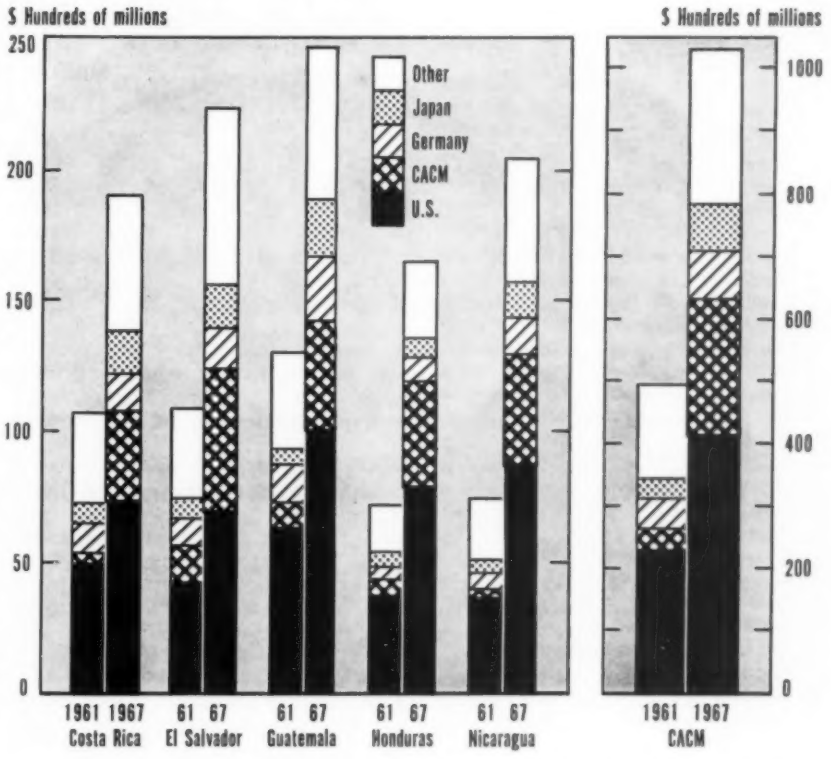
CACM imports from third countries in 1967 increased to $1.03 billion, of which $410.9 million or about 40% were supplied by the United States. The drop in the U.S. share of the market from 46.3% in 1961 was due to increased trade within the CACM, whose suppliers' share rose from 7.4% in 1961 to 20.8% in 1967. The remarkable growth in intra-CACM trade has not displaced traditional third country suppliers in the overall, but in fact has indirectly contributed to the increase in CACM demand for imports from non-member countries. A better index of U.S. success in the regional market is its share of the extra-CACM trade, which increased slightly from 50.0 to 50.3% during the period 1961 to 1967. The absolute value of U.S. exports has increased from $210.2 million in 1961 to $365.7 million in 1968.

Best prospects spotlighted

Specific products likely to grow in importance among CACM imports during 1969 are spotlighted in the following articles prepared by the U.S. Comercial Attaché in each of the five countries. From a regional point of view, all of the countries have agricultural development programs which will require general farm equipment as well as special hardware for dairy, livestock and poultry operations. Generally speaking, the market also will continue strong for road building and maintenance equipment, food processing machinery, light metal working and wood working machinery, fertilizers, and equipment and raw materials for a growing number of small industries.

Value and sources of CACM imports

(f.o.b.)



One of the most successful marketing developments during 1968 for U.S. businessmen was the III International Fair in San Salvador. Some 642,000 visitors visited the 45 acre site, and bought $6.6 million worth of the products on display. In the U.S. Pavilion, 53 participants representing 82 companies reported $1.5 million in floor sales and projected $5.5 million in sales for the twelve months following the fair.

Half of the U.S. participants were new to the Central American market and had requested assistance from the Department of Commerce in locating representatives in one or more of the CACM countries. Of the 28 companies seeking agents or distributors, 17 had successfully completed 48 representation arrangements within the five countries before the exhibition was closed, and the remainder were negotiating with another 116 potential representatives.

Saying that they "expect to exceed the success of the three previous fairs," the Government of El Salvador has invited the United States to participate in its 1970 IV International Fair. As in the previous fairs, held in 1965, 1966 and 1968, the Department of Commerce will provide assistance to U.S. firms interested in participating in the Fair. Such firms should contact the Commercial Exhibits Program, U.S. Department of Commerce, Washington, D.C. 20230.

Intra-CACM Regional Trade

	Millions of dollars			% of total		
	1961	1967	1st half 1968	1961	1967	1st half 1968
Food products	14.6	47.7	25.9	39.7	22.3	22.9
Beverages and tobacco	0.9	3.3	1.3	2.4	1.5	1.2
Inedible raw materials	2.0	7.0	5.0	5.4	3.3	4.4
Fuels and lubricants	0.2	4.2	2.0	0.4	2.0	1.8
Fats and oils	1.7	5.3	3.8	4.6	2.5	3.4
Chemical products	3.5	33.0	15.8	9.5	15.4	14.0
Manufactures classed by materials	8.1	63.0	35.6	22.0	29.5	31.5
Machinery and transport equipment	1.3	9.5	5.3	3.5	4.4	4.7
Miscellaneous manufactures	4.4	40.4	18.1	12.0	18.9	16.0
Other	0.2	0.3	0.2	0.5	0.1	0.2
Total trade*	**$36.8**	**$213.6**	**$113.0**	**100.0**	**100.0**	**100.0**

* Figures may not add due to rounding.

U.S. Trade with Central American Common Market

U.S. Exports to CACM

	Millions of dollars			Percent of total		
	1961	1967	1968	1961	1967	1968
Machinery, non-electrical	28.7	62.4	34.3	13.7	17.5	9.4
Chemicals, n.e.s.	21.2 [1]	28.5	34.2	10.1	8.0	9.4
Road motor vehicles and parts	18.5	31.6	29.8	8.8	8.9	8.1
Paper and paperboard	3.5	22.7	28.9	1.7	6.4	7.9
Wheat	6.5	12.5	16.6	3.1	3.5	4.5
Textile yarn, thread and fabrics	11.4	12.6	13.1	5.4	3.3	3.6
Medicinal and pharmaceutical products	6.8	9.7	9.8	3.2	2.7	2.7
Synthetic resins, regenerated cellulose and plastic materials	2.7	7.3	8.8	1.3	2.0	2.4
Fertilizers, manufactured	2.4	5.9	8.3	1.1	1.7	2.3
Insecticides, fungicides and similar products	[2]	7.1	7.4	[2]	2.0	2.0
Petroleum products	5.8	7.1	6.5	2.8	2.0	1.8
Other commodities	102.7	149.2	168.0	48.8	42.0	45.9
Total exports, including reexports and special category	**210.2**	**356.6**	**365.7**	**100.0**	**100.0**	**100.0**

[1] Includes insecticides. [2] Data not comparable.

U.S. Imports from CACM

	Millions of dollars			Percent of total		
	1961	1967	1968	1961	1967	1968
Coffee, raw	104.5	105.9	104.2	52.8	35.3	31.0
Bananas	35.4	83.4	99.8	17.9	27.8	29.7
Beef, fresh, chilled or frozen	10.3	32.4	43.5	5.2	10.8	12.9
Sugar	8.4	27.7	32.6	4.2	9.2	9.7
Shrimp	7.1	13.4	14.4	3.6	4.5	4.3
Other commodities	32.2	36.8	41.6	16.3	12.4	12.4
Total	**197.9**	**299.6**	**336.1**	**100.0**	**100.0**	**100.0**

Market Profile: Central American Common Market

(Unless indicated, latest year available)

	Costa Rica	El Salvador	Guatemala	Honduras	Nicaragua	All CACM Countries
Area 1,000 sq. miles	19.6	8.3	42.0	43.0	54.0	166.9
Agricultural land	30%	51%	19%	38%	13%	24.8%
Population, mid-1968	1.65	3.26	4.86	2.54	1.78	14.10
Urban population	34.5%	38.5%	33.6%	23.2%	40.9%	33.9%
Average annual growth rate 1960–1967	4.47%	3.64%	3.27%	3.36%	3.35%	3.52%
Average life expectancy	63	60	49	46	54	53
Literacy rate	84%	48%	38%	45%	50%	48%
Percent of total labor force in agriculture	49%	60%	73%	66%	60%	64%
Motor vehicles registered (000's)	44	55	52	26	24	201
Total imports 1967, millions of dollars c.i.f. value	190.7	223.5	247.3	164.6	203.9	1,030.0
Total exports 1967, millions of dollars f.o.b. value	143.8	207.1	197.9	158.1	151.7	858.5
Currency, units per $1	6.65 * Colones	2.50 Colones	1.00 Quetzal	200 Lempiras	7.00 Cordobas	1.00 C.A. Peso **
Gross National Product at current prices in millions of dollars, 1967	671.4	890.4	1,451	575.9	640.7	4,229.4
Per capita GNP 1967	421	283	303	227	370	300

* Official rate.

** The Central American Peso does not exist as a currency, it is strictly an accounting unit.

CENTRAL AMERICA REPORT

Booming Costa Rica offers bright prospects for U.S. businessmen as trade reaches all-time highs

Outlook for 30% surcharge on non-CACM imports cloudy; investment in banana industry continues to lead upswing

By GEORGE T. BECK
Commercial Attache, U.S. Embassy, San Jose

Costa Rica, now riding the crest of a boom which is based in part on a high level of foreign investment in the banana industry, offers generally inviting prospects for American businessmen in 1969.

Some recent examples of aggressive U.S. export promotion in this market which invite wider application are:

- The case of a Cleveland company which held technical seminars with a select group of directors, managers and plant engineers of the Costa Rican sugar and alcohol industries to popularize the use of the company's polymers which prevent corrosion of boilers, thereby saving expensive down time;
- The case of another Cleveland firm which opened a Costa Rican office, headed by an American-trained Costa Rican, for sale of its line of waterproofing products and for training a sales force to cover the rest of Latin America;
- The case of an Illinois manufacturer of agricultural machinery which shipped its latest model heavy-duty broad tire tractor to Costa Rica to prove that it is the best unit for pulling out logs in almost inaccessible forest areas serviced only with primitive roads. A film of the actual test operations will be shown throughout Latin America.

By most economic indices, the Costa Rican economy improved greatly in 1968. Exports and imports rose to record heights; there was a notable improvement in the foreign exchange position; the country's currency appreciated considerably in the internal market; and new industrial and agricultural activity of all types expanded favorably. There is also strong foreign investment interest in agriculture, cattle raising, tourist development, industry and the establishment of local private financing companies.

Optimism about the 1969 economic outlook, and its implications for demand for American products, must be tempered somewhat by uncertainty over the Government's budgetary position. Costa Rican tax action taken in 1967 had the effect of considerably improving the 1968 fiscal situation. However, the Government faces a wide budget deficit in 1969 unless more fiscal action is taken.

The Government is currently seeking legislative approval of the San Jose Protocol, a measure adopted by Costa Rican and other Central American Common Market (CACM) nations to improve their respective fiscal positions and to curb import growth by placing a 30% import duty surcharge on all imports from outside the CACM area. While the measure has been ratified by the other CACM countries, the outlook for its passage by the Costa Rican Legislative Assembly is cloudy.

Implementation of the Protocol would probably slow the rate of import growth from the industrial countries, especially in consumer and less essential imports, as the surtax would, other things being equal, make it relatively more expensive to import from outside the CACM area. However, the adoption of the Protocol would also encourage international lending agencies to go ahead with loans with a resulting increase in imports of equipment for development purposes. Moreover, the improved Government fiscal situation which passage of the Protocol would assist would place the economy on a sounder economic footing and help avoid balance of payments problems.

On the other hand, if the Protocol is rejected, or long delayed, imports from outside the CACM would retain their competitive position. However, it would be unrealistic to assume that the present import boom would continue unabated for long. Balance of payments difficulties and some other form of import control would probably emerge. Also, the other CACM nations, which have imposed the customs surcharge, might find it necessary to place some kind of restraint on Costa Rica's exports to their markets which would con-

INVESTMENT INTEREST IS HIGH in Costa Rica, particularly among U.S. firms. From left, Commercial Attache George Beck, plant manager Ian Boyle, U.S. Ambassador Clarence A. Boonstra, and company official Rodrigo Odio inspect U.S. equipment in a U.S.-owned biscuit and cookie factory in San Jose.

GROWING COSTA RICAN ECONOMY is reflected in this lineup of trucks at the customhouse in San Jose. Trade with U.S. was at record levels during 1968.

sequently reduce Costa Rican demand for industrial raw materials.

Additionally, if Costa Rica does not benefit from the fiscal advantages of the Protocol, the Government may have difficulty in raising domestic funds for some large development projects to be carried forward with international loans, thus reducing development equipment imports.

U.S. trade with Costa Rica in 1968 surpassed all previous levels, judging by available statistics for Jan.-Oct. Imports from the United States, in all likelihood, exceeded slightly the previous high level of $73 million in 1967. Nevertheless, the U.S. share of Costa Rica's imports from all sources appears to have declined somewhat from the 40% figure of 1967, as overall imports rose by about 13% to around $195 million.

The decline in the U.S. share is accounted for mainly by an almost 50% increase in Costa Rica's imports from her Common Market neighbors, a trade in which U.S. manufacturers participate, to some extent, through plants established in those other countries.

Costa Rica's exports to the United States rose much more dramatically, from $69.7 million in 1967 to a peak of almost $90 million in 1968—a gain of about 22%. This surge was due primarily to increased exports of bananas, but other significant gains were registered in meat shipments and other products. The high level of exports to the United States probably will be sustained, or even surpassed, in 1969.

The relative success of the United States during 1968 in maintaining a high, and possibly increased, proportion of Costa Rica's imports from outside the CACM area, in spite of higher prices for some American manufactures, appears to have resulted in part from the U.S. proximity to Costa Rica in comparison with other industrial countries and to increased AID and Eximbank financing. More intensive selling efforts and a relatively liberal credit policy for established distributors appear to have contributed as well.

A highly encouraging example of U.S. ability to compete price-wise in this market in some fields was a sale closed recently for the supply of U.S. machinery and know-how amounting to $1.5 million for the expansion of Costa Rica's only cement plant. A U.S. supplier, the Fuller Company, won the international tender, offering a price below that of European competitors on this project financed in part by ADELA.

U.S. can buck tide

Although a small downturn in Costa Rica's overall imports appears likely in 1969, there is a good chance that American industry can maintain and even increase its share of the market if more exporters adopt the techniques which accounted for U.S. trade strength in 1968. In fact this will be imperative, as promotion activities of other major exporting countries have been increasing year-by-year, in the form of high-level trade missions, wider advertising campaigns, local manufacture and improved credit techniques.

As in 1968, a principal key to increased sales of industrial and agricultural equipment in this capital-short market will be the extension of the most favorable credit terms. Exporters should explore carefully all credit facilities available through U.S. Government or private banking channels. Fortunately, credit managers and credit institutions can extend credit with less reservations than in earlier years as the improvement in Costa Rica's balance of payments during 1968 amounted to more than $20 million. Consequently, the Government was in a position to effect a substantial appreciation in the internal free market rate of the colon from 8.6 per U.S. dollar in early 1968 to 7.3 per U.S. dollar a year later, bringing it much closer to the official exchange rate of 6.65 colones to the dollar.

The Central Bank was also able to clear up much of the commercial arrears that constituted a problem for many American exporters in the past two years.

Based on these favorable monetary and credit developments the Foreign Credit Insurance Association has raised Costa Rica's credit rating from D to C. Credit support for U.S. sales in 1968 was much stronger than in previous years, with several U.S. private banks offering medium-term credit and several important trade transactions facilitated through Export-Import Bank channels.

In stressing credit flexibility as a necessary wedge for trade promotion, it is not recommended that credit managers suspend critical judgment on economic trends or on the merits of financing particular transactions. It is suggested merely that they not overlook certain basic

strengths in the economy in making a decision.

For example, Costa Rica has the largest middle-class in Central America and the country's population is increasing at the rate of 3.8% annually. It is an economically viable market with a gross national product growing at one of the highest rates in Latin America. Costa Rica's newly-increased export potential, deriving in large part from the still-growing banana industry, offers considerable assurance of foreign exchange availability to service new commercial debt.

It may be noted also that most established Costa Rican firms have a long history of meeting their debts satisfactorily. Only a very small number of local firms appear to have taken undue advantage of the forebearance of American companies toward the temporary, but exasperating, delays in payments in 1967 and 1968, when the country's scarce foreign exchange reserves were being rationed by the Central Bank. At that time, it was plausible for a local firm to delay payment and blame the Central Bank procedures for unusual delays.

But, on the contrary, most companies did their best to expedite processing of payment applications and some even went to the extent of purchasing free market exchange at disadvantageous rates to meet their foreign obligations. With the improved current foreign exchange reserve position, payment delays should not be excessive in 1969.

Good U.S. prospects

Based on the current level of economic activity, American exporters will find good trade opportunities in most sectors of the Costa Rican economy in 1969.

Agricultural production is expanding in most fields. Much of the basic investment for the trebling of banana production by 1974 has now taken place but new areas are still being opened up. Although there is a trend toward diversification from the country's principal crop, coffee, production has been higher because of improved cultivation practices. This agricultural activity will continue to require much imported equipment and machinery.

The increase in world cocoa prices and the expansion of a local cocoa products manufacturing company in association with the Pet Milk Company is creating new opportunities for this traditional crop. Costa Rica's recent spurt in rice production, some of which resulted from mechanized operations of American-owned companies, has led to some disposal problems but new investment probably will continue.

The expansion of local canning facilities through marketing links with Del Monte is providing a spur to the growth of the local vegetable and fruit industry and there are plans to attempt to supply the fresh and frozen food market in the United States. The local sugar industry continues to be a major dollar earner.

All of this activity should create more demand for tractors, diesel motors, four-wheel drive vehicles, shipping cartons, land clearing machinery, conveyors, herbicides, welded pipe, irrigation equipment and farm implements. Fertilizer use is increasing rapidly with much of the new demand being met by a local U.S.-owned plant.

The growth of the Costa Rican meat industry has led to more interest in upgrading the existing stock. Much of the supply of new breeding cattle comes from the United States. The increased importance of meat for international trade and domestic consumption is leading also to new investment in meat processing plants. The allied leather industry is experiencing more demand and equipment may be needed to produce better hides here.

For the first time, Costa Rica is encountering a significant increase in foreign interest in minerals and petroleum exploration. Several American companies are applying for petroleum exploration licenses.

In the construction industry, Costa Rica is now proceeding with large projects on the Inter-American Highway and, for the first time, there are plans to spend substantial sums on a separate road maintenance program. The local building industry is very active in meeting increased demand for residential, school, and office building and for new tourist hotels and motels. U.S. construction equipment is highly valued in Costa Rica and there should be a strong market for building fixtures.

In the industrial field, the rate of new industrial licensing has decreased somewhat because of the Government's policy of discouraging the growth of purely assembly-type industries to serve local and CACM needs. Nevertheless, there has been a substantial increase in new industrial plants and an expansion of existing units, particularly in the food-processing and garment industries.

Another industry tending to concentrate in Costa Rica is pharmaceutical manufacture. Merck, Sharpe and Dohme will inaugurate a plant this year and the Pfizer Corporation is beginning construction of a plant under a $1 million investment program. Exports of local manufactures to the Common Market have grown to an annual rate of about $30 million a year.

U.S. exporters are receiving some valuable assistance in this market through the AID program. A current loan is financing the sale of fertilizer and fertilizer raw materials from the United States. An AID Program Loan in effect since last year provides special credit and exchange rate facilities to local buyers importing U.S. products in the following Costa Rican import categories: artificial and synthetic fiber fabrics; diesel and semi-diesel motors; accounting, calculating and adding machines; woodworking machinery; industrial and special purpose sewing machines; and electric motors, dynamos and generators. The list of eligible items which Costa Rican importers may finance under the Program Loan is being expanded.

A $5 million AID loan to COFISA, Costa Rica's private industrial financing institution, is being negotiated. A portion of this loan will be extended at concessional interest rates to encourage COFISA to develop and finance projects which will assist agricultural diversification. Another portion will be available for financing the establishment or expansion of manufacturing industries. Purchases under the loan will be made in the United States.

Longer term prospects

Among the longer term prospects for which American companies can plan now is Alcoa's prospective $65 million investment in an alumina plant to process local bauxite. Alcoa's contract with the Government of Costa Rica is expected to receive Assembly approval this year. It provides that Alcoa will guarantee an $11 million loan to be taken out by the Government to construct a road and a port preliminary to Alcoa's construction of the plant.

Foreign investment interest in Costa Rica, particularly from the United States, is high at this time. Basic factors accounting for the increasing trend of American companies to establish plants or offices here to serve this market and the CACM are the generally friendly business climate, political stability, and the relatively large local market for most manufactures.

Another factor is what might be the growth of an investment service sector which has grown up recently to provide investment counseling and supporting services. This includes the Government's Export and Investment Promotion Center, a semi-autonomous unit, which began activities in 1968; the Bank of America, which has established a Costa Rican subsidiary; two American engineering companies and minerals consulting company which have opened offices in Costa Rica; and a rapidly growing American Business Council.

There has also been a growth of local Costa Rican private companies which offer marketing and investment services. The steady increase in American tourism, which has already led to some U.S. private equity participation in hotels and motels, is also generating additional investment interest.

Optimism prevails in El Salvador as CACM's smallest nation holds position as its largest supplier

Trade mission to Far East reflects drive for more distant markets; successful International Fair highlighted 1968 economic upswing

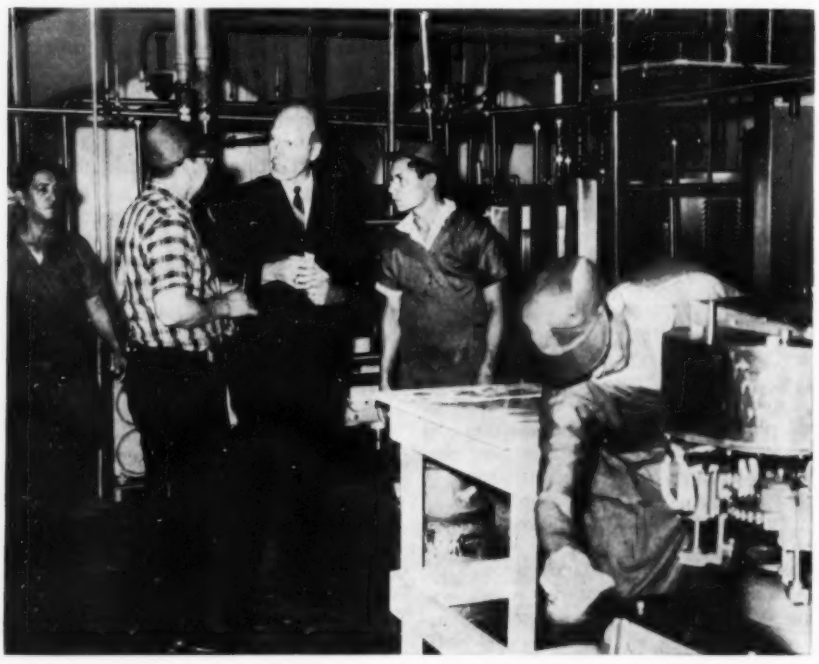
By RICHARD F. MUENZER
Commercial Attache, U.S. Embassy, San Salvador

El Salvador closed out the year in an air of optimism which has carried over into 1969. This was due largely to the psychological and real effect of its highly successful and enlarged International Fair.

Merchandisers reported total 1968 sales, which had been running behind 1967 figures due to the prevailing tight money market and banking controls designed to impede luxury imports, equaled and in many cases exceeded annual sales for the preceding year due to volume purchasing at and after the November Fair. Retailers with newer suburban locations reported sales moving faster than downtown, as the move to suburban shopping and evening hours continues.

However, definite signs of urban renewal are evident in the center of the city of San Salvador where an existing retail company has just erected and moved into a modern new building. When asked what consulting firm assisted them in their store design and layout, it was learned that they merely followed photographs of a leading U.S. department store, adapting the various departments to their building location and to available products and construction materials. The new four-story department store, complete with a modern supermarket utilizing the counter check-out system, a cafeteria on the top floor for customers and employees, is the first in downtown San Salvador to utilize modern departmental techniques and does much to brighten one of the city's oldest commercial streets. New office buildings are also under construction, being set back on their property lines to allow for more spacious sidewalk areas.

STRONG SALES OF U.S. DAIRY EQUIPMENT featured the U.S. performance at El Salvador's 1968 International Fair. Here, Commercial Attache Richard Muenzer visits San Salvador's newest dairy.



The U.S. Exhibition in this 1968 International Fair featured the products of 53 U.S. firms representing 82 trademarks. These firms reported off-the-floor sales of well over $1.4 million and 12-month projected sales of over $5 million in all five Central American Common Market countries.

In addition, 14 new-to-market companies appointed 41 agents in one or more CACM countries and 24 companies were negotiating with 109 agents at Fair closing. Regional attendance and purchasing showed a marked increase over 1966 and this was reflected in the large sales volume of U.S. industrial equipment for the agricultural, food processing and packaging, lumber and woodworking and metal fabricating industries made to CACM industrialists.

From 10 participating countries in 1965, 15 in 1966 and 23 in 1968, the Fair management estimates 30 countries will participate in their 1970 Fair.

Interested firms should write: Commercial Exhibits Program, Latin American Group, U.S. Department of Commerce, indicating the product line for which they will be seeking exposure.

Although final figures are not as yet available, estimates of the 1968 balance of payments performance from the Central Reserve Bank show that El Salvador markedly improved its balance of payments during the past year, principally through holding down growth in non-essential imports. On the monetary side, the expansion of credit and bank deposits during 1968 suggests that the monetary stringency was not actually as tight as it was purported and that credit was relatively available for productive purposes, although somewhat restrained for commercial transactions.

Balance of payments

The Central Bank's preliminary estimates show exports (f.o.b.) at $213.4 million and imports (c.i.f.) at $222.8 million, giving a trade deficit of $9.4 million. Exports increased by approximately 2.7%, while imports registered a slight decline of $1.3 million, or 0.7%. The result was an increase in net inter-

national reserves of $5.3 million and reversed the trend of the past two years when international reserves were lost. The Central Reserve Bank is pleased with this improvement which it attributes to its selective credit measures on the behavior of imports.

El Salvador continued to increase its exports to the other Central American Common Market countries from $79.2 million in 1967 to an estimated $86.7 million in 1968. Exports going to other markets totaled $126.7 million.

Development of the El Triunfo Port and Bay of Jiquilisco area is a direct result of growing shrimp exports. With the advent of shrimp as a primary export and the resultant shrimp fishing, processing and freezing operations that have localized in the Puerto El Triunfo area, this once sleepy, sparsely populated area has developed into a definite small port town.

Having reached the approximate maximum shrimp yield in present fishing depths, the companies are now processing other species of fish which originally were thrown back. Opportunities exist for the sale of larger fishing boats and quick-freezing and packaging equipment.

Another area of new development and modernization is in the dairy industry. This was reflected by the large volume of dairy equipment and especially stainless steel milk cooling and storage tanks that was sold by U.S. firms during the Fair. One recently opened company is processing whole, pasteurized, homogenized milk and packing it in plastic throw-away bottles, another first in the CACM. Although the plastic bottle-making machine is of German manufacture, this new dairy cooperative purchased U.S. milk storage and cooling equipment.

The Central American Common Market and more specifically El Salvador continued during 1968 to attract large and hard working commercial trade missions, not only from this hemisphere but also from Europe and the Far East.

A new development this year was a reciprocal Salvadoran Trade Mission composed of the Assistant Minister of Economy and a group of leading Salvadoran businessmen and industrialists to Japan and South Korea. The mission to South Korea resulted in profitable negotiations with that country, which will buy 700,000 quintals (100 lbs. per quintal) of sugar and 200,000 quintals of rice annually. In return El Salvador will buy such Korean products as fertilizers and fishing boats. The Ministry announced in February of 1969 that South Korean fishing technicians are presently working in the port area of La Union, El Triunfo and Acajutla, preparing their recommendations for the development of a deep water fishing industry and the harbor and packing facilities necessary to accommodate it.

DEFINITE SIGNS OF URBAN RENEWAL are evident in downtown San Salvador. Above, the Monte Cristo shopping center, which features a combination of modern office rental space and commercial shops.

In September, a trade mission from the State of Arizona visited El Salvador and conducted interviews with Salvadoran businessmen and agriculturists. This industry-organized, Government-approved trade mission reported that their activities in El Salvador were exceptionally productive and that the members all intended to return individually within the near future.

Activity is expected to pick up in public construction, as international banking funds have been made available for the construction of new central markets and for constructing new and improving existing roads, operations to begin when the Salvadoran Congress approves the programs.

In addition invitations to tender will be issued in March by the Ministry of Public Health for the purchase of movable equipment, to include medical instruments, furniture and operating tables for the August inauguration of Hospital Bloom, the $3.2 million, 400-bed children's hospital.

These and other developments are reflected in the 1969 Salvadoran Government Budget which calls for expenditures of $103.5 million, the highest in the nation's history. The total expenditure level is about 13% over actual expenditures in 1968 with capital outlays increased by some 40%. Continuing the trend of past years, education will receive the largest single appropriation (about 25% of the total budget), followed by public health (14%) and public works (10%).

Public works, agriculture, health and education will receive the bulk of programed capital expenditures (87%) for road construction and maintenance, hospital construction, provision of potable water in rural areas, and irrigation.

With some of the financing of these projects emanating from international lending agencies as well as U.S. Government funds, opportunities exist for U.S. consulting engineers and construction firms.

U.S. exporters of construction equipment, agricultural, animal husbandry, poultry, livestock and dairy equipment, food processing and packaging equipment, refrigeration and quick-freezing equipment and many types of light industrial machinery should continue to promote sales in El Salvador.

Industrial production and exports to the CACM are holding up well and the Government and the private industrial sector are actively seeking new markets outside their regional area for the country's industrial and agricultural products.

The Salvadoran Congress is considering an incentive law for export industries, aimed specifically at promoting Salvadoran exports to areas outside the CACM. Thus having attained and maintained her position as the major regional supplier in the CACM, El Salvador, the smallest of the American Republics, is entering 1969 with an optimistic view toward more distant marketing horizons.

Guatemalan business was better than expected in 1968; should improve further during 1969

Strong showing by agricultural exports, lower violence level contributed to good showing; U.S. to hold 40% market share

By JOHN D. PERKINS
Commercial Attache, U.S. Embassy, Guatemala City

"Not as good as hoped, but better than expected." That comment best describes 1968 in Guatemala. Most businessmen look for improved results in 1969, but hasten to add that when campaigning for the early-1970 general elections gets into full swing by June or July, business activity may take a back seat to politics.

Despite fears caused by sporadic acts of terrorism and the assassination of the former U.S. Ambassador, the Guatemalan economy did well in 1968. Traditional agricultural exports—coffee, cotton and sugar—led the way. Exports to the Central American Common Market—principally processed foods, textiles, and light industrial products—also contributed to the upswing, reaching $6 million or 15% above the previous year. Based on preliminary reports, total exports registered an 18% increase overall.

NEW U.S. AMBASSADOR DAVIS (l.) and Commercial Attache Perkins observe the printing of paper sacks for cement at the plant of Bolsas de Papel, a subsidiary of the U.S. firm, Boise-Cascade.

Domestic business generally strengthened about the middle of the year as entrepreneurs interpreted favorably the President's firmness in making several key personnel shifts. He brought into his cabinet Ministers of Economy and Finance generally regarded as responsive to private business. The general tone of the economy was favorably affected also by a reduction in violence. The Government and the Bank of Guatemala performed well at fiscal and monetary management, favoring price stability over more rapid economic growth.

According to preliminary figures from the Central Bank the economy grew 5.3% overall (2% per capita), for a total GNP of $1.5 billion. No detailed import data is available yet, but foreign exchange transactions indicate imports increased by 6 to 10%.

In a year-end sales survey conducted through the Embassy's Commercial Newsletter, 63 of 88 respondents in industry and commerce reported sales up in 1968 compared to 1967. Sellers of industrial machinery and equipment reported a very good year. Consumer goods held up surprisingly well, but firms dealing in consumer durables had less satisfactory sales results.

Businessmen generally are optimistic regarding 1969, according to the Embassy's sales survey. They predict sales increases averaging 10% for consumer durables and 12% for consumer products. Importers of industrial raw materials and equipment are more sanguine and project 10 to 40% increases. A more limited set of respondents handling construction materials and equipment and farm machinery and chemicals believed their sales would increase in amounts ranging from 0% to 50%.

However, these generally confident sales projections were made in December, before it became apparent that 1968-69 coffee and cotton production would not be up to expectations. Coffee and cotton exports account for 7½% of total GNP but have a great impact on the economy in terms of money in circulation and business psychology. Although disappointing results for these two crops could have repercussions throughout the economy, it appears there will be steady growth in Guatemala during 1969, although probably not exceeding the 5% rate of 1968.

This year should be a good one for U.S. exporters despite tough competition from Japan and the European Common Market. Also, as Central American industrial capacity increases, so will Guatemala's imports from its Common Market partners. We expect nevertheless that the U.S. will maintain about a 40% share of the market. The 30% import surcharge applied to already high duties on such items as automobiles, processed foods and textile products, as well as luxury goods generally, is discouraging importation of these products from sources outside the Central American Common Market. Despite the surcharge, however, imports probably will be only slightly less than in 1968.

Best sales opportunities

The best opportunities for improved sales of specific U.S. products lie in equipment and raw materials for the sectors most likely to grow during 1969. These are: non-traditional agriculture, industry —particularly food processing, light metal working, textile and clothing manufacturing—and construction.

In view of the relatively poor outlook for coffee and cotton this year, there might be some concern that the import demand for fertilizers, pesticides, machinery and propagating material will drop off. However, this concern does not seem to have a real basis.

With respect to fertilizers, there has been an annual growth in demand of approximately 5% for use on the basic food grains, and new areas for vegetable production have been increasing at a rate of 20-25% each year. The majority of the vegetable producers use proportionally more fertilizers than cotton and coffee farmers. Consequently, considering esti-

mates made by leading Guatemalan agriculturists, it appears there will be no appreciable weakening in the demand for fertilizers during 1969.

In the case of pesticides there has been a gradual trend toward their increased use for agricultural production other than export crops. This, plus the entry into production of new banana plantations, should offset any decrease in demand for pesticides for cotton. On the other hand, at least one U.S. pesticide manufacturer will invest a reported $10 million to expand its local production capacity, and a German firm plans to go into agricultural chemical production later this year.

Finally, under CACM agreements Guatemala is subject to a quota which limits pesticide imports from outside the CACM. This quota limited imports in Sept.-December 1968 to 1.7 million pounds.

"The new line of credit from the Inter-American Development Bank to SCICAS in the amount of $4.5 million should greatly stimulate the demand for agricultural machinery", said the Director of SCICAS, a supervised agricultural credit agency. It appears that the best prospects will be for wheel tractors and allied equipment. Sellers should bear in mind the need for multi-purpose, light weight, but rugged equipment adaptable to mountainous terrain, and should be willing to provide spare parts and service facilities. Equipment for sorting, grading, storing and packing agricultural products also offers very promising sales possibilities.

Regarding new irrigation projects, it is felt that due to their small size little heavy equipment will be required. Nevertheless, there should be some sales in this field, considering that the Inter-American Development Bank has just made a $6 million loan commitment for 30 small irrigation projects in Southeastern Guatemala.

Bananas on upswing

One crop definitely on the upswing is bananas. Total exports reached $12.2 million in 1968. Contract growers are expanding their acreage and there are rumors of plans for new plantings on the Pacific Coast. This may imply sales opportunities for such specialized equipment as helicopters, spraying equipment, and drainage tile.

Increased vegetable production will augment the need for improved seeds. However, this does not represent a large dollar volume. Modest increases can be expected in the import of seed for grain sorghums and possibly soybeans.

Guatemala's industries seem to be receiving a steady flow of new investment

CONSTRUCTION ACTIVITY IS PICKING UP in both the public and private areas. This U.S. equipment is at work on a Guatemalan housing project backed by the Inter-American Development Bank.

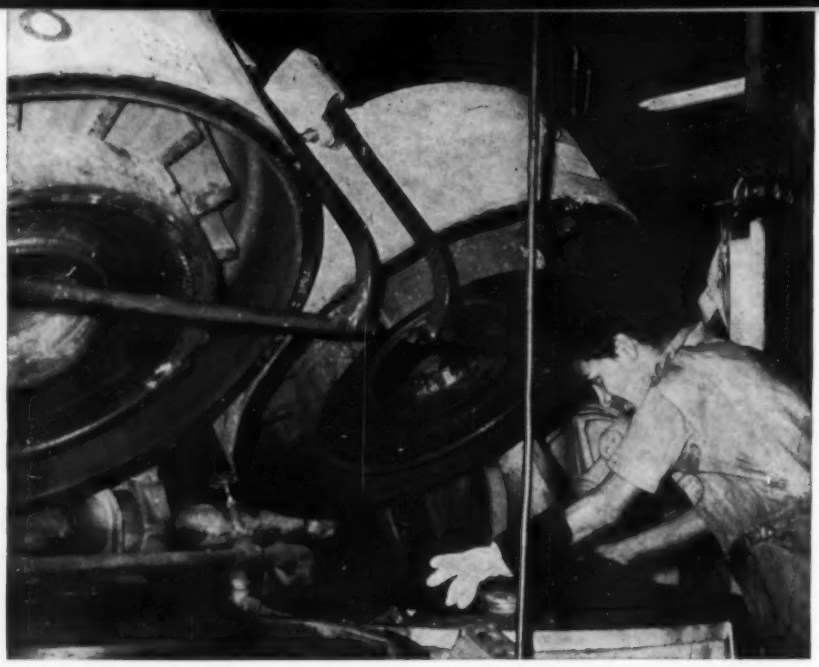
from local and foreign sources. Industrialists found credit relatively easy to secure in 1968, in part because an Industrial Bank went into operation early in the year and by year-end had paid-in capital and deposits of over $10 million. A "Financiera," in part capitalized by a $5 million AID loan, should enter into lending operations early this year.

As manufacturers gear up to sell in the expanding Central American Common Market—and to meet increasing competition from other CACM producers—they will have to upgrade their production capacity and efficiency. One growth indicator is electricity consumption. The Electric Company predicts a 13.9% increase in energy sales to industrial users, after a 9.1% increase in 1968. Fourteen major manufacturers of pharmaceuticals, cosmetics, and food products predict sales increases in 1969 ranging from 8 to 20%. This implies excellent sales possibilities for processing and packaging equipment and, one step removed, for equipment to produce packaging materials.

Blow-molding, injection molding and extruding equipment for plastic containers and wrappers should be in excellent demand. The plastics sector is expanding rapidly and should provide a good market for raw materials and production equipment in general.

Woodworking equipment ought to move well as several furniture manufacturers are negotiating supply contracts to furnish semi-finished wood parts to U.S. furniture manufacturers. An importer of textile production equipment predicts the following U.S. products will have a good market in 1969: synthetic yarns and fibers, thermoplastic and thermo-setting resins and compounds. A dealer in transportation and packaging equipment predicts he will register a 30 to 40% increase in the sales of these two classes of products. There also appear to be good possibilities for lathes, milling machines, and other metal working equipment. However, dealers report U.S. prices are creeping higher than those offered by European suppliers.

Artisan and cottage industry is a wide-



GUATEMALA'S INDUSTRIES are receiving a steady flow of new investment, both domestic and foreign. This tiremaker works at the GINSA plant, a Goodyear Tire and Rubber affiliate.

spread occupation in Guatemala, and aggressive salesmen ought to be able to sell those specialized hand tools used for wood carving, leather goods and ceramics. Also, many old-fashioned and makeshift foot looms are still used by thousands of rural Indians who produce distinctive textiles.

Admittedly the potential sales involved are limited, compared to the effort necessary to change ingrained working habits, but the point is that Guatemalan exports of these attractive artisan products have been held back by the producers' inability to handle large orders and meet the tight schedule demanded by buyers from the United States and Europe.

A number of contacts believe that U.S. graphic arts and printing equipment should sell very well this year. Casette-type players and cartridge tapes are moving well (Japanese competition is stiff). Radio and TV station equipment offers good possibilities. Guatemala is very "hot media" conscious and there are 83 radio and three TV stations in the country.

Tanneries probably will be buying new equipment. The Central Bank is making $500,000 in preferential credit available and the Central American Technical and Industrial Institute will provide advice to tannery operators.

Sizable amounts of new money are going into education over the next two years, financed partly by loans from abroad, including $8.6 million from AID for primary education, $6.3 million from the World Bank for secondary education, and $10 million from the Inter-American Development Bank for university development. Suppliers of teaching materials, laboratory equipment, and audio-visual teaching equipment should look into the possibility of setting up capable sales representatives here.

Construction activity is generally picking up. The 1969 budget allocates $51.3 million to capital projects, 14% higher than last year, and there is some indication that a greater proportion of the budgeted amount will actually be spent this year.

Variety of projects

The projects involved are a variety of smaller ones—rural schools, customhouses, health centers, and so on, not involving substantial new equipment procurement. Construction on road projects might actually decrease as the Government draws a breath and awaits the completion of feasibility and engineering studies for several additions to the road system.

Private construction, on the other hand, is on the upswing, with more activity now than in several years. Construction starts have been announced or are under way for several large commercial buildings and hotels. On the whole then, it appears there should be a good market for miscellaneous construction equipment. Although one cement manufacturer reported stagnant demand, several construction material importers projected sales increases averaging 12%.

There are several sizable infrastructure prospects on the horizon which could involve substantial amounts of new procurement over the next several years.

International Nickel's subsidiary, EXIMBAL (Exploraciones y Explotaciones Mineras Izabal, S.A.), has completed preliminary work for construction of its large nickel mining and processing plant at El Estor, on Lake Izabal. Nevertheless, the company's $180 million project continues to be delayed pending finalization of arrangements with the Government of Guatemala which will permit completion of the financing of the project. The Company's project calls for building large and complex facilities for its operations. In addition, it has made arrangements with ADELATEC for studies of the housing, schools, shopping center, public services and other facilities needed for a modern community, and for planning and implementing their construction to coordinate with public service specifications in the existing town of El Estor. Export production of nickel-containing products would start from three to four years after the inauguration of plant construction.

There were three Customs warehouse fires in Guatemala during 1968. The last one, in September, caused $1 million in damage. Several U.S. exporters experienced losses, in part because of the occasional practice by marginal Guatemalan importers of delaying withdrawal from Customs of goods covered by sight draft. Some exporters who did not follow their accounts closely and therefore did not extend their insurance discovered that their goods did not have coverage.

The reasons for the delay on the Guatemalan side are varied: inability to pay, loss of the prospective customer, tight credit, or the suspicion that the goods were not as ordered or damaged in transit. Successful protest and collection of sight drafts in Guatemala is rather difficult since, among other things, Guatemalan law requires protest within 48 hours of presentation. While the author would be the last to recommend reverting to letter-of-credit terms, the words of the opening number of "Music Man" definitely apply, "Ya Gotta Know The Territory." Since exporters are in effect extending credit when they ship on sight-draft terms, they should request a World Trade Directory Report when in doubt or when dealing with a new customer.

The Permanent Expositions Committee has scheduled an industrial samples fair, INTERFER '69, for Nov. 7-30. Previous similar fairs at the attractive Guatemalan Parque Centro América have been highly successful in terms of visitor flow. Consumer goods suppliers particularly should consider this event as a possible entrée into the Guatemalan market. Write to Comité Permanente de Exposiciones, 6a. Calle 4-00, Zona 9, Guatemala City.

CENTRAL AMERICA REPORT

Honduran businessmen, after strong 1968 showing, expect even better growth this year

New consumption tax may effect imports of some U.S. products; Government may change restrictive provisions of mining law

By RICHARD G. GRAHAM
Commercial Attache, U.S. Embassy, Tegucigalpa

Businessmen are bullish about trade prospects in Honduras for 1969. Indications point, with few exceptions, to an improvement in the economy.

From the data available, 1968 itself was unexpectedly better than the year before. According to the Honduran Government, GNP grew at an estimated rate in excess of 7% at current prices. This growth, based on increased exports, public investment, expansion of industry, and a booming public and private construction pace, has carried over into 1969 at what appears to be a steady rate.

Exports for example, which have grown on average 12% over the past five years, were up 14% on the basis of preliminary trade statistics for the first nine months of 1968. Imports were up 13% for this period, reflecting the economic growth and emphasizing the need for U.S. exporters not to overlook this market, irrespective of its comparative size.

A little-noted but important development worth mentioning is that, according to an official announcement, for the first time in fifteen years, the Honduran Government did not resort to Central Bank borrowing to finance its operations. This was due in part to the Government's beginning to make significant drawdowns against nearly $100 million in available foreign credits for capital expenditures.

The Lempira remained absolutely stable and free of restrictions regarding foreign exchange conversion for repatriation or payment. It is expected that this policy will be continued in 1969 and will be an important factor in attracting new private foreign investment which is estimated to be increasing at the annual rate of almost 8%.

ONE OF THE MOST PROMISING INDUSTRIES in Honduras is tourism, especially along the North Coast. From left, Kenneth Vittetoe of the Banco Atlantico in Tegucigalpa, Dr. Robert F. Kaiser of Bellingham, Wash., and Commercial Attache Richard Graham discuss the tourist potential of the area's Bay Islands.

All businessmen interviewed, except those exporting cotton and lumber, reported a better year in 1968 than the previous, and expect 1969 to be at least as good.

The bullish attitude is based on solid sales and rising production in a number of basic sectors. One petroleum marketer reported that sales were up over 30% in 1968. This extraordinary increase was due in part to several one-time bulk contracts. Although the 1968 sales rate will not be maintained, the company is confident of an increase for 1969 in the range of 10-13%.

The entire petroleum marketing industry is expected to benefit from the opening of more access highways and farm-to-market roads. With the opening of the new refinery at Puerto Cortes in mid-1968, about 75% of local consumption is now being supplied from this source, with the remainder continuing to be imported from El Salvador. All liquefied petroleum gas products are now being supplied from the LPG facility at the refinery.

Strong cement demand

Cement production and sales are growing at a healthy rate due to strong demand from the construction industry, which in turn reflects capital spending on infrastructure projects. A new kiln opened in 1968 more than doubled the capacity of the one plant located near San Pedro Sula.

Bakeries are predicting a good year based on higher consumer demand, more competitive prices for flour, improved distribution for their products, and more employment in the cities.

Medical equipment and supplies, agricultural implements, food processing machinery, construction and transportation equipment, and educational materials should all experience increased sales as a result of new infrastructure developments under way in these fields.

The agricultural sector, which accounts for about 39% of GNP, also performed better overall in 1968 and, with the exception of coffee and cotton, is expected to continue to do well in 1969. Bananas normally make up about 60% of agricultural exports. A 50% increase in shipments by Standard Fruit Company, the second ranking producer in Honduras, more than offset a small decrease in exports by United Fruit in 1968. Both companies are expected to register gains in 1969. Production of major food grains,

sugar, cattle and beef, showed gains in 1968 and are expected to be better this year.

Coffee production was very good in 1968, but the present crop will be lower due to the growth cycle and other factors. How much lower is a subject of speculation, as estimates for the drop-off range from 15 to 40%. A major exporter who estimated the higher decline predicted the carryover from the previous crop of 77,000 bags will just enable Honduras to reach 362,000 bags, its approximate quota under the International Coffee Agreement. This source estimates the production drop will result in about $9 million less revenue to farmers this year, thus cutting their purchasing power.

Other well informed observers differ with this estimate and predict the decline will be within the normal off-year range of 15-20%. Reasons given for the higher estimated drop are an abnormally extended rainy season and less available labor to harvest the crop.

Cotton exports were off in 1968 due to the depressed world price, and at the beginning of February an estimated 30% of the present crop remained unsold by farmers who were reported to be awaiting a more favorable price.

Lumber exports were affected by a lack of overseas demand in early 1968, and also by an extended rainy season which hampered logging operations. North Coast lumber companies estimated that because of these factors final export figures might be down by 10% for 1968 after several consecutive years of steady growth. It is too early to predict the extent of recovery lumber exports will achieve in 1969.

The outlook for meat exports will be determined largely by the voluntary import restraint program instituted by the U.S. Government at the beginning of 1969. In 1968 about 14 million pounds of deboned, chilled and frozen beef went to the U.S. market, including Puerto Rico, representing about 97% of meat exports. For 1969, additional plant capacity had been installed to permit a target of from 18 to 20 million pounds of meat shipments to the United States. However, Honduras has been allocated only 14.1 million pounds this year, and if it wishes to reach its projected overall target of 20 million pounds, other markets than the United States will have to be found.

In this connection, a Honduran trade mission will tour the Caribbean area this Spring in search of new markets for various Honduran exports, with emphasis on beef.

The United States maintained its one-third share of agricultural imports by Honduras in 1968, and is expected to continue to maintain its proportionate share of the growing volume of imports in 1969 of such items as wheat (almost 100%), tallow (100%), wheat flour (64%), cereal products (58%), livestock and meat (44%), grains, other than wheat (28%), edible vegetable oils (25%), canned fruits and vegetables (17%), and dairy products (13%).

In fact, the overall Honduran import growth trend can be characterized at present as having a demand resistant to adverse developments. Last June the Central Bank announced a new policy restricting credit to 30% of total commercial bank lending for transactions relating to importing goods and domestic consumption of imported goods. Banks were allowed six months to adjust their portfolios to the new level. Maximum terms allowed for future importers credits were fixed at 12 months.

New consumption tax

This was followed in September by a consumption tax of 10-20% on certain categories of goods as a first step in complying with the San Jose Protocol signed in June by the five Central American Common Market countries. This tax was also assessed against merchant's inventories imported after June 1. These measures were not popular and the imposition of the consumption taxes was followed by a sharp drop in buyer demand and inventory rebuilding for a brief period. Yet, helped by the holiday season, the economy quickly adjusted to the new taxes.

Whether the additional taxes will have the desired effect of slowing down the specified categories of imports in 1969 is uncertain in view of the strong upward trend noted earlier. U.S. exports which are subject to the 20% tax and thus may decline this year, include television sets, radios, other electronic equipment, cosmetics, jewelry, formica and related products.

Another development that could have a dampening effect on U.S. exports to Honduras is a 30% surcharge on existing tariff rates which will come into operation with the ratification of the San Jose Protocol. Most merchants feel, however, that the added tax will not be as onerous as was the consumer tax hike. For example, a leading automobile dealer cited the example of one passenger car he now sells for $2,150. The new duty surcharge will only add about $65 to the retail price. He does not expect any decline in sales as a result of the Protocol surcharge.

The ratification of the Protocol will have a positive effect in bringing in an additional $4 million of revenue to the Honduran Government in 1969, according to its own estimates. Other factors mentioned by various persons which could adversely affect the optimistic forecasts are more restrictive legislation affecting new private investment, a slow-

MOST CONSISTENT PART OF THE HONDURAN ECONOMY has been commercial and industrial construction, which is expected to maintain a growth rate of about 15% during 1969. To help meet demand, this Cementos de Honduras plant at Bijao added a new kiln last year, doubling its output.

down of the U.S. economy, and another extended U.S. port strike.

Concerning restrictive legislation, the new Mining Code passed by the National Congress but not yet implemented is an example. The mining industry, which is almost completely underwritten by private U.S. capital, fears that certain provisions of the new Code, if implemented without amendment, will result in the closure of many smaller mines as well as all marginal operations whatever the size. These provisions could also discourage new investment in the industry. Therefore, representations are being made for modification of the Code. The Honduran Government has been receptive to suggestions for making the new law more palatable to the industry.

On what basis can it be claimed that business will be better this year? The answer is found in the volume of infrastructure projects now in full swing, the surprisingly large amount of funds scheduled to be loaned for public and private investment in industry, and the performance of the construction sector. Businessmen expect to see more employment and local procurement of goods and services, which will lead to greater consumer spending as planning is translated into actual contracts and fund disbursements.

In road construction and engineering alone, unexpended funds for projects now in progress and contracts for which bids are due in March total about $50 million. They include the 154-mile Northern Highway connecting the capital, Tegucigalpa, with the principal industrial city of San Pedro Sula in the North Coast area. All sections of the road are now under contract and 90% of structural work, including bridges, is completed, with approximately 105 miles of paving and 50% of earth moving remaining. The completion date is set for late 1970 or early 1971.

Second in importance is the 153.5-mile Western Highway connecting San Pedro Sula with El Salvador at the border town of El Poy. The $10.15 million paving contract for this road was awarded in January and calls for the work to be completed in 800 days. The Western Highway will have importance as an integration highway, in that El Salvador will have easy access to the Honduran port of Puerto Cortés for its foreign trade.

Also on the North Coast, work has started on the Tela-La Ceiba littoral highway with financing from the Central American Bank for Economic Integration (CABEI). A $4.15 million contract including concrete bridges and paving was awarded last July for the 34-mile section between San Juan and La Ceiba. Contracts totaling nearly $6 million have been recently awarded for the additional 35 miles from San Juan to Tela.

SUCCESS OF THIS SAN PEDRO SULA FRESH MILK PLANT has prompted the national development bank to promote a new plant to serve the southern and central portions of the country. After initial deficits this plant is now in the black, and will be turned over to private interests.

The U.S. Agency for International Development, in cooperation with the Honduran Government, is studying the financing of a $5 million, 61.5 mile farm-to-market access road in the northern Aguan Valley. If approved, bids on the loan were scheduled to be issued in March with construction to be completed within two years.

Four important integration road projects connecting existing Honduran highways with two Guatemalan and two Nicaraguan border crossings will be awarded early this year. These short but strategic roads will cost $9.2 million with financing from CABEI, AID, and the Inter-American Development Bank (IDB). Bids were due in March.

One year left

Besides roads, one year remains for completion of the $4.5 million Puerto Cortés expansion program which will add a new pier, unloading shed, and warehouse to the existing facilities.

Empresa Nacional de Energía Electrica (ENEE) was granted a loan during 1968 by the World Bank and IDA of $11.5 million to cover the foreign exchange costs for construction of a 40-megawatt power plant at Río Lindo near Lake Yojoa, to expand ENEE's transmission system, and carry out feasibility studies for future hydroelectric development. Power sales have been averaging nearly 31% annual increases in recent years and are expected to increase about 20% a year through 1971. Most of the contracts for civil works, turbines and generators, and pipe, have already been let, but local expenditures are expected to make their greatest impact on the business community this year.

Three AID projects should begin to generate U.S. exports in 1969. The first of these is a $10.5 million secondary education project. An AID loan of $7 million, together with $3.5 million contributed by the Honduran Government, will be used for technical assistance, participant training, and school construction. The technical assistance and training aspects are being carried out under contract by a consortium of Florida universities. Approximately $6.3 million is earmarked for construction of 19 secondary schools and one teacher training college. About $2.1 million of the total will be spent for U.S. supplies.

Negotiations are complete on a new $9.5 million agricultural credit and storage loan scheduled to be signed in the near future. This loan will provide $4.5 million to the Banco Nacional de Fomento (National Development Bank) to be disbursed as credits to small and medium producers of basic grains and livestock; $3 million to the BNF for construction of two grain storage silo facilities, one in Tegucigalpa and the second in San Pedro Sula, each with a capacity

of 14,300 metric tons; $1.5 million to the Federation of National Cooperatives for relending to agricultural cooperatives; and $500,000 to the BNF for agro-industrial loans. This loan will generate demand for U.S. grain storage equipment, agro-industrial machinery, fertilizer, livestock, seeds and plant health supplies sales totaling about $5.5 million.

Also in 1969, $500,000 in new funds will be provided by AID for feasibility studies relating to infrastructure and irrigation projects, private industry including tourism, and sector surveys. U.S. consulting firms are eligible to bid.

Through the Financiera Hondureña, a private Honduran industrial development bank, some $1.4 million of AID funds remain available from earlier loans which can be used for purchasing U.S. equipment and services in connection with worthwhile industrial projects. Projects for the manufacture of asbestos from local raw material, ceiling tile from local wood waste, and fish processing, are also being studied, and if approved, could draw on the AID funds.

There is something of a pause in new industry construction, which is a reversal of previous years when new plant openings were the mainstay of economic growth while infrastructure projects were in the planning stages.

Expansion of existing capacity or extension to new lines seems to have been the pattern of 1968 which will probably continue in 1969. The cottonseed oil mill opened in mid-1968 near San Lorenzo in the south has already obtained a loan for expansion. The Molino Harinero Sula flour mill in San Pedro Sula was expanded from 120 tons to 220 tons daily. Plans are now being made to bring one of its mills to Tegucigalpa, as 40% of its market is here.

Almidones de Centroamérica, S.A., the local affiliate of A. E. Staley Manufacturing Co., has announced plans to export up to 1,000 tons of starch during 1969 to Europe, the Caribbean, and the other CACM countries. The only paper converter in the country, Conpacasa located in Tegucigalpa, will start construction of of a new $100,000 plant. And Textiles Rio Lindo in Tegucigalpa, considered by trade sources to be one of the most modern textile factories in Central America, is expanding its production capacity by 60% to almost 10 million yards annually. This represents additional investment of $800,000.

But the pause in the new industrial investments is only temporary, as many plans are nearing implementation. The Government is looking to three projects to lead the way. These are for pulp and paper, iron and steel, and polyethelene. On Feb. 4, a charter company was incorporated under the name Compañía Pino Celulosa de Centro América, S. A. (COPINO) with initial capital subscription of $500,000. The stock is held 51% by International Paper Co. of New York, 11.5% by the Banco Nacional de Fomento, and 7.5% each by CABEI, IFC, ADELA, United Fruit, and Standard Fruit. According to the company, all studies relating to the economic feasibility of large scale pulp and paper manufacturing, negotiations on forest reserves and cutting rights, stumpage fees, and site location studies, are expected to be completed this year.

Beginning next year, efforts will be concentrated on prerequisite infrastructure development of roads and port improvements. If all goes well, construction of a mill to produce 235,000 tons of liner board paper and 125,000 cubic meters of sawn lumber could be undertaken by the beginning of 1972. Estimates on the total investment by the company and the Government, including infrastructure costs, range up to $92 million.

Invites foreign bids

Progress on the proposed iron and steel mill should be more rapid. The Central Bank, as coordinator for the Government, has invited six European and Japanese firms to submit turnkey bids for construction of a plant at Agalteca, 30 kilometers north of Tegucigalpa. The bids, which are due by Apr. 30, are for construction of a plant to produce 100,000 metric tons of steel billets annually. Financing of the construction is to be provided by the winning bidder.

A corporation will be established soon for the steel industry, with founding subscriptions to be held by the Central Bank, BNF, CABEI, one or more Central American rolling mills, and Altos Hornos de México, S.A., the technical partner. Total investment in this industry is projected at $35 million.

No decision, as yet, has been taken on whether to go forward with the third key project, a polyethelene manufacturing plant on the North Coast. The promoters of this project are Polymer International Corp. and Dow Chemical Co. Original plans for a $22 million investment have been scaled down to exclude polyvinyl chloride due to the establishment of a competing plant by Japanese interests in Nicaragua. Plans are now for the project to concentrate on polyethelene production from imported raw materials, which would involve an investment of $6-$8 million. A decision by the sponsors may be taken this year to go forward.

Besides its loans to infrastructure projects such as the integration roads, the Central American Bank for Economic Integration also is very active in industrial promotion, with special emphasis on those projects designed to diversify and expand exports. This bank shares the opinion that the outlook for 1969 is good. They cite that in the previous fiscal year the Bank placed only $4.5 million in industrial loans for all Central America, while the target this year is $12 million.

In the case of Honduras, the estimated value of projects it is now studying is about $40 million, not including pulp and paper or the proposed steel mill. These projects could be categorized as agro-industry—$11.5 million; minerals—$15.6 million; fishing—$450,000; and various others—$11.85 million.

The viability of many of these projects must still be determined, and developers are still being sought even for some that have already been proven feasible. Among these CABEI projects, the following are either in the development stage or have a good chance of starting this year: pineapple canning; manufacture of cooking fat from palm oil; tomato powder for export; inverted sugar for the U.S. market; additional lobster production for export; white cement for export; fine core veneer; watt-hour meters; and pre-fab housing.

The Industrial Development Division of the National Development Bank (BNF) has allocated a budget of $2.9 million for participating in industrial projects in 1969. This is $1 million more than in 1968. The entire budget of BNF for assistance to all sectors of the economy is $18.75 million, but the emphasis is on agriculture.

The Bank has purchased 30 manzanas (about 52 acres) of land in Tegucigalpa for development as a small industrial park. Electricity, sewage, and industrial water are already available. Negotiations are underway with the water utility company, SANAA, for provision of pure water for food industries, and with the electrical utility company, ENEE, for a low night tariff to pump industrial water.

The Bank has budgeted $500,000 for constructing buildings, which will be leased to private companies. Companies producing cosmetics, furniture, bakery goods, chemicals, soft drinks, milk and cheese products have already indicated their interest in taking space in the park. The Bank hopes to be able to attract approximately sixty light industries for the new park.

Other important projects which the BNF is promoting include a plant in San Lorenzo to manufacture barbed wire.

FASTEST GROWING ECONOMIC REGION in Honduras is San Pedro Sula area. Signs in commercial section of the city reflect popularity of U.S. products. Local traders expect continued prosperity.

This factory will cost about $1.5 million, and has been proposed as an integration industry serving the CACM. The company will be majority-owned by Motto of Belgium, the principal supplier to this market, and the minority share will be private Honduran businessmen. Initial production is expected to be 4,000 metric tons annually.

Plans have also been announced for a second such plant, also to be located at San Lorenzo in the South. This plant, to be capitalized at $1 million, will be principally owned by Nicaraguan interests. Machinery to manufacture 15,000 rolls of barbed wire monthly will be purchased in West Germany. Production is scheduled to begin at the end of this year. Honduras was probably selected as the site for these factories because it is the largest importer of barbed wire in Central America. Location of the plants in the southern part of the country adjacent to the Pan American Highway will enable them to ship their product from a central location to the other four Central American countries.

BNF is also actively promoting a new fresh milk plant to serve central and southern Honduras. Such a plant will be similar in concept to the present company located in San Pedro Sula which served to organize the dairy farmers in the Sula Valley area by paying a good price and providing a regular market for milk. After and initial period of deficits, the Sula company achieved profitability, and plans are now underway to sell the plant to private interests. Now, the BNF proposes to assist dairy farmers in the central and southern areas to improve their earnings.

The Bank is flexible in its approach. It is willing to cooperate with dairy farmers who would invest in such a plant as majority partners by providing some funds; it is prepared to go ahead on its own if investors are not interested; or it is prepared to cooperate with private foreign investors. If sufficient foreign private interest is shown, the BNF could then channel its funds into loans to farmers to build up the dairy herds.

Filling a vacuum

The BNF fills a lending vacuum in Honduras by considering small to medium loans which are generally outside the scope of commercial banking institutions and not in the category of infrastructure loans normally provided by CABEI, IDB, and other international agencies. For example, during January the Industrial Development Division received and is considering loan applications for: a ladies handbag factory; a plant to process jerked beef; an electric plant for the Bay Islands off the North Coast; a shoe factory; a plant to manufacture concrete blocks, and a hotel for La Ceiba. These applications total approximately $750,000, which is not a large amount but is important to the Honduran economy.

One industry which is generally acknowledged to hold promise is tourism. One small resort opened on Roatan, one of the Bay Islands off the North Coast, in 1968. There are other individual efforts now under way to open small facilities either on the islands or the North Coast, but improved communications, roads, and transportation facilities are needed before large-scale development can be expected.

Perhaps the most consistently performing sector of the economy is commercial and industrial construction, which is expected to maintain a growth rate of around 15% in 1969. New projects scheduled for completion in 1969 include a 150-room hotel in San Pedro Sula owned by the U.S. O'Connor-Jacobsen chain; a 120-room, 40-bungalow hotel in Tegucigalpa owned in the majority by private Honduran investors, but with substantial U.S. and other foreign capital; and an 80-bed hospital and administrative headquarters of the Social Security Institute in Tegucigalpa. Scheduled to be started this year are possibly six more hospitals, including a 116-bed Military Hospital near Tegucigalpa, a Social Security Hospital in San Pedro Sula, a University hospital and two private clinics in Tegucigalpa, and one private hospital in Choluteca.

In school construction, besides the AID secondary education program, three new University buildings plus three private schools are in the works for Tegucigalpa. A new Supreme Court building is included in Government planning.

Trade derived from the improving economic situation in Honduras will not automatically result in increased U.S. exports. American suppliers will be hard put to maintain their share of the market without attention to the competition. Third country firms are winning many of the big contracts. Salesmen from Europe and Japan are seen with increasing frequency and direct competition with many basic U.S. lines is intensifying.

However, there still exists a distinct preference for U.S. manufactured goods. This is based on close commercial and social ties and easy access for U.S. exporters to the market.

To maintain these close commercial ties U.S. exporters should be more willing to quote c.i.f. prices rather than f.o.b., accept small orders in recognition of the fact that this is not a mass market, offer credit terms to reputable Honduran importers competitive with Japanese and European terms, provide free samples to potential distributors where appropriate, and be willing to introduce new products.

Honduras, because of its central location, might be considered in some cases as a location for establishing regional agents to serve all Central America. It would be a mistake to lose sight of what is clearly a market for now and the future.

Nicaraguan slowdown brings first import dip since CACM's founding; modest growth rate to continue

Market still prefers U.S. goods despite growing competition, especially from Japan; cotton slump is chief factor in pause

By JOHN CRAWFORD
Commercial Officer, U.S. Embassy, Managua

Nicaragua achieved a modest economic growth rate in 1968, estimated at between 5% and 6%. The pace has slowed since the boom period 1961-65 when growth averaged 8% a year. Cotton production, the rapid expansion of which had largely sustained the boom, has now declined.

The value of total exports for 1968 increased moderately by 6.5%. High prices for cotton last year offset the low production. The principal growth was in exports of meat, shrimp, and chemical products.

Imports, which in recent years were rising more rapidly than exports, declined by 9.5% in 1968, largely due to credit restraints and new indirect taxes. The consequent narrower deficit on the trade account, combined with drawdowns on a $19 million International Monetary Fund standby agreement plus other capital inflows, boosted Nicaragua's holdings of international reserves somewhat.

The recession caused by the decline in cotton production resulted in lower public revenues than anticipated, forcing the Government to defer some investment programed for 1968. Private investment was substantial, though also reduced due to the depressed state of the economy. Construction of office buildings, factories, hotels, and private homes remained strong. Consumer spending declined, especially in the last half of the year after imposition of the new taxes.

The prospect for 1969 is for continued modest growth. The cotton crop this year is forecast as lower than that harvested in 1968, which was approximately 20% below the peak crop of 1965, and prices have dropped considerably, thus discouraging further planting. Other exports are expected to rise only slightly.

The scarcity of foreign exchange will influence the Government to continue tight fiscal and monetary policies. The Government is operating on an austerity budget, having pared administrative costs to make funds available for investment projects to maintain the country's development. Substantial loans from AID and international lending agencies will give the economy a boost.

Assurances on currency

High officials of the Nicaraguan Government and respected members of the business community have given public assurances as to the strength of the cordoba.

The decline in imports was a sharp reversal of the marked upward trend since the formation of the Central American Common Market. Virtually all categories of imports shared in the decline. Consumer non-durables did continue to rise, principally sustained by imports of processed foods and pharmaceuticals, but such items as clothing, personal adornments and toys were cut sharply. Imports of consumer durables dropped slightly. Imports of household appliances, utensils, and furniture were all down.

The end of the cotton boom is reflected in the downward trend in imports of agricultural machinery, accompanied last year by a sharp decline in imports of primary materials and intermediate goods for the agricultural sector. Imports of raw materials and intermediate goods to supply factories already in production rose moderately last year, but industrial equipment sales fell off precipitately. Imports of transportation equipment and construction materials also dropped.

Government policies of credit restraint and taxation, compelled by the need to conserve foreign exchange, as well as the general contraction of the economy, largely account for the decline in imports. In June 1968 the Ministers of Economy of the Central American countries agreed on the San Jose Protocol to defend the balance of payments. The Protocol provided for a 30% surcharge on the common external tariff for the next five years, plus

UPCOMING TRADE MISSION to Nicaragua was the topic as U.S. Commercial Officer John Crawford met with Dennis Gallo Lacago, President of the Managua Chamber of Commerce.

optional consumption taxes of 20% on luxury goods and 10% on semi-luxury goods. The Nicaraguan Government implemented the surcharge and the taxes on June 23, plus a sales tax of 5% on a variety of other items.

Though imports from other sources generally dropped, imports from the CACM increased by 9% last year. The Government of Nicaragua, concerned at the increasing loss of public revenue and determined to curb these imports, made possible in the Government's view by unfair competitive practices by its CACM partners, announced on Feb. 28, the imposition of a special compensatory consumption tax on all non-essential imports from the CACM equal to the *ad valorem* duties in the 1955 tariff schedule.

Nicaraguan imports from the United States, which have more than doubled since the formation of the Common Market, fell, according to preliminary figures, from $87.6 million in 1967 to $70.3 million in 1968. This sharp decline is largely attributable to a decrease in purchases of capital goods for agriculture and industry. It is also partly attributable to the increasing purchases of consumer goods from other Common Market countries.

The U.S. share of the total Nicaraguan market fell from 43% to 38% last year, while Nicaragua's Common Market partners gained 23% of the market, compared to 20% in 1967.

Another factor to be noted carefully, however, is that while the U.S. share of the market declined last year in the face of increasing import substitution within the Common Market, Japan's share rose from 6% to 8%. Last year Japan gained a greater share of the automobile and truck market than the United States, and this year Japan is fully expected to dominate this traditionally U.S. market.

Japan is also a pressing competitor in medical supplies and surgical instruments, textiles and synthetic fibers, phonographs, tape recorders, radios, toys and games. This year Japan is entering the market with air conditioning equipment, where virtually all sales, heretofore, have been from the United States. Japanese prices make the competition stiff.

West Germany's share of the market remained fairly stationary, but the United States continues to face keen competition from this European giant, especially in iron and steel construction materials, industrial chemicals, window glass, office machinery, printing and binding machinery, and electrical equipment such as motors and generators.

The prospects for U.S. sales in Nicaragua remain excellent, especially in the long run, as the economy regains momentum and imports of industrial, agricultural, and transportation equipment again pick up. Nicaraguans still largely prefer American products, but new taxes and credit restraints have made this market extremely cost-conscious.

NICARAGUA'S FIRST EAST-WEST HIGHWAY LINK, the Rama Road, is now being paved, and plans call for more roads linking the coasts. Above, U.S. equipment at work on the Rama Road.

Though the Nicaraguan market is small on the world scale, it is not too small to receive careful attention from our competitors, and U.S. exporters must do likewise if we are to retain our traditional sales position.

Government moving ahead

Notwithstanding the current contraction of the Nicaraguan economy, the Government is moving forward with investment programs to maintain a pace of development consonant with the resources at hand. The Government is continuing to give principal emphasis to agricultural diversification and expansion, and to the development of industries which support the agricultural sector and utilize Nicaragua's raw material base. Substantial investments are also planned in power and transport, and in the field of education.

Though imports cannot be expected to rise markedly in the near-term, the Government's investment program, investments in the private sector, and rising consumer needs provide American firms with a wide variety of export opportunities.

One of the primary Government efforts is to reduce or eliminate the importation of most food grains. To this end AID has loaned the National Bank, a government-owned banking institution, $9.4 million to finance the importation of fertilizers and pesticides for producers of corn, rice, beans, sorghum, sesame, and improved forage crops. Nicaragua hopes to export substantial quantities of these basic foodstuffs in the near future. In addition, the National Bank administers a liberal credit program for the purchase of such agricultural machinery as tractors, cornpickers, threshing machines, hullers, shellers, and sprayers.

In further support of the Government's agricultural diversification and expansion program, the National Bank is presently negotiating with the Inter-American Development Bank for a $9.7 million loan. The loan will finance a renewed effort at increasing the quality and production of beef cattle, and will entail the importation of breeding stock, some equipment, and fencing. A portion of the loan is to improve the efficiency and production of dairy farms serving the Managua area. Funds will finance the importation of dairy cattle, food preparatives, mechanical milking, handling, and storage equipment, plus watering stations. A substantial part of the loan is to increase the production of rice under irrigation. The loan will finance rice combines and tractors, as well as irrigation systems, including pipe and pumping station equipment. Rice milling

equipment should be in increasing demand.

To encourage farmers still further in planting basic grains, and to stabilize the prices on the farmers' products, the Government is financing, with help from an Export-Import Bank loan, the construction of 100 grain drying and storage centers throughout the country.

The National Development Institute (INFONAC) is also embarking on an agricultural diversification program costing $9 million, $5 million of which has been loaned by the Inter-American Development Bank (IDB). Approximately $2.6 million of the IDB funds will support a dairy cattle program to supply a milk product plant in the Matagalpa area of Nicaragua. Plans call for the importation of some 900 bulls over a three year period. Brown Swiss are preferred, but other breeds have not been ruled out.

Here again is an opportunity to export mechanical milking and cooling equipment. Pasture improvement will require sickle bars, sprinklers, and sprayers.

About $1.26 million of the IDB funds will support a pork program. INFONAC plans to establish six hog breeding farms this year. Buyers are looking for the right breed of hog to import. At the moment they prefer Duroc-Jerseys. The breeding farms will require much of the equipment used in modern pig farming, and, in addition, INFONAC also plans to build a feed plant to support the farms. Ultimately the pigs on the breeding farms will be sold to farmers on credit terms extended by the National Bank. These farmers in turn will require modern equipment to sustain their herds and combat disease.

The remaining IDB funds will finance irrigation projects throughout the Pacific area of Nicaragua to produce citrus fruits, pineapple, plantains, tomatoes, green vegetables, and pasture land—another opportunity for U.S. firms to export irrigation systems and equipment.

In industrial development, Government loan programs are directed at industries supporting the agricultural diversification program and drawing on local raw materials. AID makes loans to the National Bank and to INFONAC for relending to industries. Of the loans made thus far, some $8 million remains to be disbursed to eligible industrial enterprises. Subloans have already been made for the purchase of heavy machinery for construction of office buildings and roads.

Loans have been made for the construction of a plant to extract salt from the Pacific Ocean to provide the raw material for the caustic soda-chlorine complex which went into production last year. The plant will require pumps, motors, and transformers. A local nail factory is expanding and will require machinery. Shrimp processing plants are modernizing and expanding and will require freezing and packaging equipment. Loans have been granted for the purchase of shrimp boats in the United States.

Plans are on the drawing boards for the construction of an $800,000 plant to manufacture herbicides for use primarily on the sugar and rice plantations. The plant will require equipment purchases of up to $400,000.

A $900,000 investment in an edible gelatin plant is contemplated. The plant would chemically extract from cow hides 300 tons of gelatin a year for export. Approximately $450,000 worth of equipment would be required.

Shipyard negotiations

Negotiations are already advanced with Mexico and Panama for the construction of a shipyard at Corinto for building steel bulkhead shimp trawlers to serve the needs of the Common Market, but it may not be too late for an American firm to enter a bid. If built, there will be export opportunities for supplying the shipyard. An Atlantic Coast shipyard is also contemplated to build wooden trawlers utilizing local timber.

Longer range programs call for the construction of a wood pulp plant at Puerto Cabezas on Nicaragua's Atlantic Coast. A polyvinyl chloride plant is under construction and plans to build a polyethylene factory near Managua are far advanced. When the pork program and the irrigated tomato program prove successful, a pig slaughterhouse and a tomato processing plant will be constructed.

Substantial deposits of silica have been found in Nicaragua, and INFONAC is laying plans for the manufacture of flat glass. Also under consideration is the manufacture of craft paper from bagasse.

The National Bank is concentrating on development of plans for food processing plants, metal- and woodworking plants, and concrete product factories. Loans will encourage the manufacture of cereals, jams and jellies, potato and plantain chips, confections from seeds and nuts, and fresh frozen fruits and berries.

Other loans would assist would-be manufacturers of decorative plywood, reclining chairs, matched panels, imbedded leaves, handles for tools, and such metalworking endeavors as saw filing and radiator reconditioning.

The Government is moving ahead in

U.S. SALES PROSPECTS REMAIN EXCELLENT in Nicaragua, despite a falling U.S. share of the import market. Nicaraguans still prefer U.S. goods, but taxes have made them increasingly price-conscious.

the areas of power and transportation. The National Electric Light and Power Company (ENALUF), an autonomous agency of the Government, has received a $10.2 million AID loan for the organization and construction of three consumer-owned rural electric cooperatives. All construction will be by contract with private firms, entered into by the cooperatives, with ENALUF supervising and inspecting the work.

The loan funds will finance the materials to construct and equip three independent electric distribution systems and the materials to construct the transmission lines to serve the cooperatives. Here is a trade opportunity for exporters of power transformers, power circuit breakers, substations, and line construction materials.

A contract has already been let to a European firm for construction of a 50,000-kilowatt hydroelectric plant in the north which will provide additional opportunities for U.S. exports of pole line hardware.

In highway construction, Government efforts are currently concentrated on building farm-to-market roads and economic integration roads. A $12 million IDB loan is financing the construction of farm-to-market roads in the Boaco-Chontales-Matagalpa area of Nicaragua. The Central American Bank for Economic Integration (CABEI) is financing highways providing further links between Nicaragua and Honduras. A CABEI loan will finance the construction of a four-lane highway between Managua and Las Mercedes International Airport.

The Rama Road, Nicaragua's first east-west highway, is being paved, and plans call for further road construction on the East Coast with more links with the West. This may require the importation of additional road machinery.

Need medical items

Public health programs will also provide opportunities for U.S. exporters. AID has loaned the Ministry of Health $2.2 million in support of a $4 million program to construct 54 health centers throughout rural Nicaragua. This project will entail the purchase of jeeps, ambulances, operating tables, medical equipment, and medicines in the United States.

The IDB has loaned the Government $2 million for the development of rural water systems, which will require pumping facilities, conduits, storage tanks, and distribution systems. School construction is proceeding apace under loans from the World Bank and AID.

Private investments offer further opportunities for U.S. exporters. The Nicaraguan Investment Corporation (CNI), a private investment institution, also receives AID loans for industrial and agricultural relending. About $4.3 million of two AID loans still remains to be disbursed.

This year CNI is participating in the development of the poultry industry in Nicaragua. Plans call for $600,000 in U.S. procurement of chicks, automatic feeders, incubators, grain processing equipment, silos, and electrical equipment. CNI will participate in the construction of a 900-bed private hospital. The investors will be buying everything from the beds to the X-ray machines and surgical instruments in the United States.

CNI is considering a bus body assembly plant. Most primary and intermediate materials would be imported from the United States. In addition, a garment factory is under consideration to utilize the high quality fabric expected from the new textile mill, FABRITEX, which should be in production this year.

MADINSA, a sawmill and wood processing firm on Nicaragua's East Coast, with INFONAC and CNI participation, is building a corestock plant which will require equipment purchases in the United States. Another lumber company will import a veneer slicer, dry kilns, and equipment for a furniture parts plant.

One new 90-room hotel in Managua, The Balmoral, has opened, and an existing hotel has expanded. Purchases of equipment for these hotels are still being made in the United States. The construction of the Managua Intercontinental is on schedule, and hotel suppliers can look for sales of equipment and supplies to this 210-room hotel—Nicaragua's largest.

Exporters of industrial milk products machinery, such as for the manufacture of cheese and ice cream, will find a market in Nicaragua.

The new industries and the new office buildings have led to a rising demand for office machinery, imports of which actually rose last year when virtually all else declined. U.S. exporters will have to plug hard to beat the West German competition. Demand for air conditioning units, both industrial and domestic, is rising sharply. Here U.S. exporters must watch closely the new Japanese competition.

The demand for industrial chemicals remains strong.

Studies are still in process for the expansion of the Port of Corinto and for the construction of a deep water port on Nicaragua's Atlantic Coast. Financing will probably be sought from the World Bank, and bids for construction will be requested upon completion of the studies.

The current contraction in the economy has constrained the Government to stiffen credit restraints and pass new taxes to curb imports, especially non-essential imports and luxury goods. Imports cannot, therefore, be expected to rise markedly this year. Nevertheless, consumer needs and investment programs, both public and private, will provide numerous opportunities for U.S. exporters.

NEWLY-OPENED BALMORAL HOTEL in downtown Managua was largely supplied with equipment from the United States. The Managua Intercontinental, still under construction, is another potential customer for U.S. hotel suppliers.

The products of newly-founded Common Market industries are substituting at a rising rate for products once imported from abroad, especially in consumer lines, but the new factories frequently must import their raw materials and intermediate goods from abroad. Keen competition from Japan and West Germany is affecting U.S. sales. To meet this growing competition, U.S. exporters must offer high-quality merchandise at reasonable prices on liberal credit terms.

Given U.S. proximity to this market and the Nicaraguan preference for American products, the United States should retain its position as principal supplier, but it will require aggressive effort, alertness to changing needs, and awareness of inroads into those areas where the United States has previously faced no competition.

UNIDO will offer Industrial Promotion Service at Budapest

Program at fair in Hungary second in series; Tehran, Osaka are next

The United Nations Industrial Development Organization (UNIDO) will sponsor a special program to promote contacts between industry representatives from the industrialized countries and the developing countries at the Budapest International Fair, May 16-26.

This UNIDO service, formally entitled the Industrial Promotion Service (IPS), offers special arrangements to facilitate business contacts between representatives of developing countries and industrialists from the developed countries who are interested in exploring opportunities for industrial investment and other business relations with the developing countries of the world.

The UNIDO Industrial Promotion Service was first offered at Athens during the International Symposium on Industrial Development in December 1967. Unido's plans call for the IPS also to be offered later this year at Tehran's Second Asian International Trade Fair, and in 1970 at the EXPO '70 World's Fair in Osaka, Japan.

In addition to its special program to promote contacts, the UNIDO and several Hungarian trade groups will cosponsor special Industry Days for scientific instruments, May 19-21, and the glass industry, May 22-23. Seminars will be held on recent developments in these industries, and discussion periods will enable representatives from industrialized countries to explore joint venture and other business possibilities with their counterparts from the developing countries.

The UNIDO is preparing a register of prospective Fair visitors interested in participating in such discussions.

American businessmen who desire further information concerning the Industrial Promotion Service, including the UNIDO registration form, may **write** to the Office of International Regional Economics, Bureau of International Commerce, U.S. Department of Commerce, Washington, D.C. 20230.

South Africa planning mining exhibition for this October

U.S. producers of mining equipment will have an opportunity to increase their sales to South Africa this fall, when the South African Industrial Exhibition Organizers will sponsor Mines '69, the second mining exhibition held in South Africa.

Some 9,400 visitors attended the first show in 1967, 90% of whom were directly connected with the mining industry. Visitors included engineers, mine managers, agents and distributors, consultants and geologists.

Mining is one of South Africa's largest industries, and its output of $1.4 billion accounts for about 12% of the country's total gross domestic product. The Republic's minerals include coal, uranium, diamonds, asbestos, copper, manganese, iron ore, and chrome, as well as 75% of free world gold production. Growth prospects for mining are considered good by U.S. commercial officers in the country.

South Africa's local industry is advanced, and produces most of the country's mining equipment needs domestically. Thus, imports of mining equipment amount to only some $10 million annually. Consequently, this show will be most useful for producers of the newest and most sophisticated mining equipment, as well as machinery for highly specialized applications in the mining industry.

Mines '69 will be held in Milner Park, Johannesburg, Oct. 13-18, 1969, and will coincide with the Sixth Instrument and Automation Exhibition and the Chemical Engineering Exhibition '69.

Write: Industrial Exhibition Organizers (Pty) Ltd., P.O. Box 15517, Siemend, Johannesburg, South Africa.

Hospital 70 trade exhibition will draw top Scandinavian experts to Sweden next year

Hospital and medical equipment and techniques will be shown to Scandinavian and European buyers at the Hospital 70 trade fair planned for St. Eriks Hall in Stockholm, May 26-30, 1970.

Special sections of the exhibition will be devoted to computer techniques for hospital management, health control, food service, medicine, and modern hospital construction.

Sponsors for the event include the National Swedish Social Welfare Board, the Swedish Town Federation Medical Committee, the Association of Swedish County Councils, the Stockholm City Medical Services Board, and the Swedish Hospital Association. In addition, hospital associations in Denmark and Norway are supporting and advertising the fair to insure high attendance from throughout the four-country Scandinavian market area.

Leading hospital and medical officials from all over Scandinavia will attend the exhibition, which has been scheduled to coincide with the first Scandinavian Hospital Congress.

An extensive program of course is planned for presentation during the exhibition. A conference hall large enough for 2,000 persons will be used for the lectures, and highly qualified experts in the hospital field will be asked to speak at the sessions.

Write: AB St. Eriks Massan, Storangsvagen 18, S-115 34 Stockholm, Sweden.

Men's Fashion Week planned for this August in Cologne; industry meeting to coincide

International Men's Fashion Week in Cologne, Germany, will take place this year from Aug. 22-24, and the exhibition organizers say that U.S. companies exhibiting at the show will be able to display their latest fashions to some 22,000 trade buyers from 20 countries.

Coinciding with the Men's Fashion Week will be two related events—a Clothing Manufacturing Machine Exhibition, and a Convention of Clothing Manufacturers. The convention is expected to bring 2,000 clothing engineers and technicians from all parts of the world to Cologne at just the right time to see the displays of men's fashions shown simultaneously at the Fashion Week.

Among the products which will be shown by some 600 exhibitors at the fair are: men's and boys' outerwear, casual wear, leather clothing, costumes, sportswear, uniforms, hosiery and knitwear, shirts, ties, scarves, dressing gowns, hats, gloves, belts, umbrellas, shoes, and all accessories associated with various types of men's wear.

Write: International Men's Fashion Week, German-American Chamber of Commerce, Inc., 666 Fifth Ave., New York, N.Y. 10019; or German-American Chamber of Commerce of Chicago, 77 East Monroe St., Chicago, Ill. 60603.

Spanish retail chain holds America Weeks sales in seven stores

Promotion scheduled for opening of new Madrid Galerias Preciados

More than $500,000 worth of American-made consumer goods on display drew thousands of Spanish customers to seven stores in the Galerias Preciados chain of department stores during an America Weeks promotion held during the last part of 1968.

Galerias Preciados celebrated the opening of its new, modern downtown store in Madrid with the special sale of U.S. products, and extended the promotion to stores in five other cities in Spain.

Best sellers at the "Norteamerica en Galerias Preciados" displays were U.S. blankets and sheets, men's shirts, cutlery, lamps, towels, and costume jewelry.

As usual with America Weeks promotions, the U.S. Department of Commerce provided promotional assistance to the Spanish store, and sent special displays to the stores.

Three main attractions, all of them veterans of past America Weeks sales, appeared at the Galerias stores. The actual Gemini X spacecraft from the U.S. space program was shown at the Galerias store in Barcelona, while Montie Montana and his Wild West troupe, and a group of Hawaiian dancers appeared at stores in Madrid and Barcelona.

Press coverage of the sale was broad, concentrating on the coordination between the opening of the new Galerias store and the American goods chosen for the first major promotion in the new store.

The U.S. Travel Service supplied posters for store decoration, and the flags of the 50 U.S. states hung over the American products shown at the new store in Madrid. Outside windows in several stores featured giant "Uncle Sam" hats surrounded by samples of the U.S.-made consumer goods on sale inside. At the new Madrid store, a three-story high banner announced the America Weeks sale.

U.S. Embassy and Consulate officers in Spain reported that results of the promotion far exceeded the expectations of the Galerias Preciados management.

Store officials decided during the show to hold over the America Weeks promotion for an extra week to take advantage of the highly favorable public interest in the U.S. goods shown.

SPANISH TELEVISION covered the arrival (above) of Hawaiian and Wild West performing groups for special shows scheduled throughout the America Weeks promotions at Galerias Preciados chain of stores.

NEW STORE (above left) was opened with "Norteamerica en Galerias" sale, including U.S. foods (above right). Flags of U.S. States (below) hung over displays of U.S. consumer products at department store.

Japan's economy booms

Last year's GNP increased about 12%; consumer spending expected to climb

By JOHN F. SHAW

Commercial Counselor, U.S. Embassy, Tokyo

Japan's economy moved forward in 1968 at astonishing speed.

For the third consecutive year Japan's gross national product registered an increase in excess of 10%. The increase in 1968 was about 12%. By the close of the year Japan's GNP had reached an estimated $135.3 billion, which moved Japan ahead of West Germany and second after the United States in terms of gross national product among free-world countries.

Per capita income in Japan also has improved. Recently released data for the Tokyo area, which enjoys a higher income than other sections of Japan, places per capita income in excess of $1,500 per year which is said to compare favorably with the per capita income in Belgium and New Zealand.

Prospects for 1969

Japan is entering its fourth year of economic expansion in a very hopeful mood. The country's balance-of-payments outlook continues favorable. Foreign exchange reserves now exceed the $3 billion level for the first time in history. Strong demand forces, both internal and external, are at work, which stimulates a high level of business activity.

While the economy is still on the rise, some soft spots have developed. Projections for the first quarter of 1969 indicate that a decline in machinery orders, particularly noticeable in the paper and pulp and automobile industries, has developed. This, together with some growth in inventories in some key sectors, such as automobiles, steel and textiles, is the cause for some concern that a business slowdown may develop in the latter part of 1969. Nevertheless, GNP projections for 1969 still indicate the economy will grow at nearly the 1968 pace.

This optimism assumes stability in world markets, that is, no spectacular changes in the international monetary system, no major shifts in American economic policy towards protectionism, and no political upheavals with significant market disturbing effects.

There is a growing realization in some commercial and political circles that with such a rosy outlook, Japan will have to face up to removal of some of its many anachronistic protectionist controls or else risk retaliation from other nations. At the same time, there are many who adamantly cling to controls which benefit their individual sectors or interests. This dichotomy points to a prospect of some frustration for foreigners trying to increase their business in Japan in 1969.

Equipment investments

Private plant and equipment investments in 1969 are expected to continue at nearly the fiscal '68 rate of increase which may exceed 20%. Diminishing availability of low cost labor and liberalization of direct foreign investment in Japan continues to encourage management to increase capital investment. As of March 1, 1969, 204 Japanese industries were liberalized to foreign capital investment. Forty-four industries were opened to 100% foreign investment and 160 to 50% foreign equity. Capital liberalization applies only to new investments. The liberalization program is also limited to joint ventures between firms in the same industrial sector. Joint venture arrangements involving industries not liberalized are subject to case-by-case screening by the appropriate agencies of the Japanese Government.

In addition, productive capacities in some sectors are regarded as inadequate. Investment interest is particularly strong in iron and steel, petroleum refining, petrochemicals, automobiles, and in electric power. Other factors contributing to the brisk increase in equipment investment is the healthy corporate profit picture and availability of corporate financing. Government spending is likely to be watched closely and expenditures held to a level compatible with "fiscal neutrality."

To take advantage of the brisk market in Japan for advanced industrial technology and equipment, the following major activities have been scheduled by the U.S. Department of Commerce for 1969:

► Trade Center shows, Tokyo—Analytical and Laboratory Equipment, May 12-17; Specialized Graphic Arts Equipment, July 21-26; Vacuum and Cryogenic Equipment, Sept. 29-Oct. 4; Agricultural Show, Oct. 13-Nov. 8; Aerospace Equipment, Nov. 8-22.

TOURING U.S. INDUSTRY, Japanese production engineers, electronic and machine tool experts visit plant of Fluidonics Division, I-T-E Imperial Corp., of Chicago, to learn about latest developments.

► Trade Fairs (solos or Commerce participation)—Automotive and Parts Production Equipment, Tokyo, June 10-14 (solo); Modern Food Processing and Serving Equipment, Osaka, July 21-25 (solo); Chemical Plant Engineering, Tokyo, Sept. 16-21 (fair); Japan Electronics Show, Osaka, Oct. 1-7 (fair).

Personal consumption expenditures are expected to advance at faster rates than in the immediately preceding years. In fact, Japan's Economic Research Center projects personal income as likely to rise by as much as 18.3%, the largest annual gain since 1961, resulting from increased employment and higher wages. Income from corporate and other assets will also rise.

The income of agricultural households, which registered gains last year due to the bumper rice crop, is likely to decline; but the effect on total consumption levels is not likely to be significant. The higher standard of living which larger personal incomes make possible is reflected in demand for a variety of consumer durable goods, such as automobiles, color TV sets, and room airconditioners.

Personal expenditures are also trending toward more varied and quality consumer goods. High-quality consumer goods of foreign make are increasingly coming within the buying range of many Japanese families. The growth in residential units also opens new marketing possibilities for U.S. consumer goods. The "America Week" programs to take place at three leading department stores in Tokyo, Nagoya, and Osaka in May-June of this year are timely projects on the part of the Commerce Department to sell and to advertise U.S. products to Japanese consumers. Other special promotions are envisaged for later in the year.

Housing. A serious housing shortage continues to persist due to the steady drift of population to urban centers. Higher income levels, the availability of consumer credit for the purchase of homes (housing loans) plus government programs for low-income earners will result in nearly 1.5 million private and government housing units being created during the year.

Rising construction costs are encouraging the search for new materials and new construction methods. Recently a number of Japanese firms have entered the prefabrication field, for example, Mitsubishi Group, Mitsui Group, Matsushita Electric Group, Oji Paper Company and Kubota Iron Works.

A processed wood products exhibit, aimed at demonstrating U.S. construction techniques and the use of soft woods in residential and industrial construction, is scheduled for the Trade Center March 24-April 4. Preservative materials will also be demonstrated.

ADVANCED TECHNICAL ITEMS enjoy a good reception in Japan's growing economy. Above, control console for TOPICS, Japan Broadcasting Corp.'s Total On-line Program Information and Control System.

Japan's exports for 1968 totaled $12,754 billion, making Japan the fourth largest exporter among free world countries—after the United States, West Germany, and the United Kingdom. Whereas exports increased in 1968, by 24.7% from 1967, imports rose by only 12.7%. With imports (f.o.b.) for the year totaling $10.2 billion, Japan earned $2.5 billion (f.o.b.) on its overall trade account—an alltime high for Japan.

Last year's exports were highlighted by marked expansion in shipments of steel, automobiles and electric household appliances. These exports are not expected to grow as rapidly in 1969; nevertheless, Japan's overall exports are still expected to increase by more than 12% this year. Imports are expected to grow by 15.6% (c.i.f.) in fiscal 1969, according to the Import Planning Section of the Ministry of International Trade and Industry. This growth will be accompanied by increased imports of foodstuffs, other agricultural products, raw materials, fuel and machinery.

Prospects for U.S. exports

Two-way trade between the United States and Japan reached a record high of $7.1 billion in 1968. U.S. imports totaled $4.1 billion and exports, $3 billion. U.S. trade with Japan is now in deficit to the extent of $1.1 billion—more than three times the deficit which first appeared in 1965 and has persisted each year for the last four years.

Present projections indicate Japan's exports to the United States in 1969 will increase by 12 to 13% and imports, which rose by only 9 or 10% in 1968 over 1967, will increase by a somewhat larger amount but below the 15.6% growth predicted for overall imports. Assumptions on which this projection is based include Japan's continued rapid economic growth, high consumption levels, inventory requirements and strong balance of payments position.

January 1969 import figures released by the Ministry of International Trade and Industry on validated imports show marked jumps in imports of iron ore, lumber, wool, coal, machinery and chemical products over the same month a year ago. The outlook for various commodity sectors on the basis of present information is as follows:

Foodstuffs. Prospects for increased exports of wheat, feedgrains, soybeans, poultry, beef, and pork are good. Japanese Government policy of diversifying sources of supply, however, will result in increased competition for the United States from alternative sources. Efforts of Japan's trading partners to prevail upon Japan

FRANCHISING IS A GOOD MEANS for some products to enter the Japanese market. Display celebrating Beverage Festival Week was set up by Tokyo Dad's Bottling Co., which has the first bottling franchise issued by Japan Dad's Div. of Koyo International. Japan Dad's is jointly owned by Koyo and Dad's Root Beer Co. of Chicago.

to remove import barriers to certain fresh fruits and processed foods may enable the U.S. to export somewhat larger quantities of grapefruit, certain canned juices, wines, bourbon, confectionery, cookies and biscuits and pet foods.

Raw materials. Imports of cattle hides, and skins, and animal fats are expected to continue to increase. Lower tallow and hog grease prices combined with expansion of toilet soap production, as well as the production of shortening and lard, accounted for increased imports in 1968. This trend will continue. Imports of raw cotton are likely to continue at about current levels; however, imports from the United States are likely to be off due to competition from other cotton-producing countries.

Softwood log exports will continue to move in good volume; however, the total level of Japan's softwood log imports from the United States is expected to fall short of 1968 due to limitations on available supplies—austere winter in the Northwest, strong domestic demand for construction projects, and the restrictions on the export of logs from Federal lands.

The Japanese steel industry, now second largest in free world, will continue its high pace of growth in 1969; its crude steel production will reach about 75 million metric tons. Import requirements for iron ore in 1969 amount to 78 to 79 million metric tons (1968, 68 million metric tons); however, demand for imported ferrous scrap is expected to decrease to 3.2 million metric tons in 1969 from 3.8 million metric tons in 1968.

Import requirements for coking coal total some 35 million metric tons (1968, 28.8 million). If the requirements of gas companies are included, Japan needs to import 37 million metric tons (1968, 30.5 million). Japanese trading firms are actively searching for U.S. mine operators not presently in the export business with good quality coking coal.

Energy requirements. Power consumption is growing in Japan at an annual rate of 9.6%. Petroleum, which accounts for about 65% of Japan's energy requirements, is expected to further expand its share due to the expected slash in domestic coal production, and static hydro power supply. Foreign oil suppliers should enjoy a 10% growth in sales in 1969. However, the demand for lower prices is expected to continue, and the demand for more sulfur free oil will be accelerated to meet with the stricter air pollution control requirements of the Government.

For the longer term, Japanese interest in recent reports on the huge oil deposit in the North Slope of Alaska and planned installation of pipeline to move the oil to the Pacific coast should be noted. Japan is interested in diversifying its oil sources, now concentrated in the Mideast.

In connection with air pollution measures, natural gas is receiving greater attention as fuel in densely populated and industrialized areas. The first shipment of liquefied natural gas (LNG) from Alaska is scheduled to arrive in Japan in July. This will mark the opening of the Japanese market for foreign natural gas. Under the contract U.S. suppliers will make annual shipment of 960,000 metric tons of LNG by two refrigerated tankers for 15 years from Cook Inlet to Yokohama.

Recent worldwide discoveries of rich natural gas deposits coupled with the development of low temperature transport technology has stimulated the interest of Japanese industrialists in fields other than the Cook Inlet; they are now eyeing new sources in Alaska and elsewhere. Further reduction in transportation costs will undoubtedly create an immediate and stable market for foreign natural gas chiefly as fuel for power generation and raw material for town gas production.

Machinery. The power companies of Japan place high expectations on electric power generation through nuclear fuel. Japan has one nuclear power plant in commercial operation and five are under construction. During 1969, contracts are expected to be let for three more plants—each 500 megawatts or greater. The Government plans to increase power generation from an estimated 6 million kiloliters in 1970 to 245.3 million kiloliters in 1985.

The market for advanced equipment in this field is good, but steadily restricted by the transfer of technology and the increasing capabilities of the Japanese industry. U.S. exports of electrical machinery, apparatus and appliances, and machinery other than electrical, for example machine tools, increased by 20% in 1968—performing better than most U.S. exports of manufactured goods. Actually, trade sources indicate there is a serious shortage of special advanced machines, and a strong demand for high quality sophisticated U.S. equipment is expected to continue well beyond 1969.

Air and water pollution problems, which have become acute, are forcing the Japanese Government to adopt stronger control measures. These regulations which are becoming more numerous and more stringent provide new marketing opportunities for foreign suppliers with advanced technology, measuring instruments, and equipment for control of industrial pollutants.

Consumer goods. Rising living standards are encouraging purchase of more sophisticated imported products such as furniture, home appliances, kitchen wares, clothing, sporting goods, and amusement goods. Taking furniture as an example, Japan imported more furniture in January-November 1968 from the United States than in the entire year 1967.

American manufacturers of consumer goods should be particularly active in the Japanese market at this time.

Developing nations' officials attend Japanese trade course

For the second straight year, Japan will welcome 20 senior trade officials from developing nations to its Advanced Group Training Course in Trade Promotion. Many developed country governments, foundations and export agencies provide resources for training in trade promotion of developing country trade officials and private sector export executives through the International Trade Center UNCTAD /GATT. Training programs organized through the center will, in 1969, provide facilities for export promotion training of about 400 developing country nominees.

Thais resume rapid gains

Economy snaps out of 1967 slump; prepares for possible end of Viet-Nam war

After a setback from drought in 1967, Thailand's economy resumed its rapid expansion in 1968 and at the beginning of 1969. This is being aided by the recent good harvest and a continued rapid growth in other economic sectors. Preliminary estimates for 1968 indicate more than 8% growth in GNP at constant prices, according to the semi-annual Economic Trends Report from the U.S. Embassy in Bangkok.

The rice harvest was up 11%, although it did not reach the peak of 1966. Corn and rubber production also increased and are still vying for second place in Thailand's export picture. The construction boom is noteworthy in Bangkok, which is the funnel and center of business and Government activity.

The United States retained its 16% share of Thailand's import market in 1968 and the trade outlook for 1969 remains quite good. Demand will probably remain buoyant for road-building and construction equipment, machinery for new manufacturing plants, office machinery, builders' hardware and supplies, and consumer products. Demand should remain high for U.S. cotton and tobacco.

Additionally the Thai Government will initiate a number of large procurement or construction projects during 1969 that should interest U.S. exporters, contractors and engineering consultants. These include: Bangkok port expansion (estimated at $60 million); purchase of new aircraft by Thai International Airways ($25-30 million); purchase of locomotives by the Royal State Railway ($10 million); the expansion of Don Muang Airport ($7 million budget); and the preliminary engineering of Thailand's second international airport, a project which is expected to cost an estimated $72 million.

During 1968 the Board of Investment issued certificates for 113 new enterprises and for the expansion of five operating enterprises. These new businesses, when and if they proceed, will invest a total of approximately $160 million in a variety of projects including petroleum exploration, manufacture of tires, textiles, chemicals and other import substitution products and, perhaps most significant, the processing of agricultural produce.

This heightened investment activity has been spearheaded by Thai entrepreneurs. Fifty wholly-owned Thai firms have received promotion privileges to invest a total of about $57 million in new industrial activity, while some 55 other Thai investors are committed to invest approximately $35 million in joint ventures.

Thai firms tend to focus on relatively small investments requiring little sophisticated technology and small amounts of imported equipment (such as small upcountry hotels, cotton ginning, and small-scale manufacturing), while joint venture investment normally goes into large-scale manufacturing representing large capital expenditures, imported machinery, and advanced technology such as tire, paper and steel manufacturing.

Foreign investments approved by the Board of Investment during 1968 totaled approximately $72 million in 63 ventures, of which 55 were joint ventures with Thai firms and only eight were wholly-owned by foreign investors. U.S. investors committed themselves to eleven joint and five wholly-U.S.-owned ventures valued at $48 million, of which the U.S. investors will supply $36 million. Oil exploration in the Gulf of Thailand will account for $19.5 million of this, while tire, steel pipe and copper wire manufacturing were also significant factors.

Japanese investors have received promotion privileges for 19 investments, of which 18 will be joint ventures with Thai participation. Total cost of these new projects is estimated at $25 million; the Japanese will supply $15 million of this. Other significant foreign investors in 1968 were Hong Kong (15 projects and a total investment of $17 million, $6 million supplied by Hong Kong) and the United Kingdom (seven projects with a total investment of $4 million, $1.5 million supplied by the U.K.).

During the past two years the Board of Investment has not only put added emphasis on attracting new industry, but has also streamlined its internal administration to the point where it now issues 12 to 15 promoted industry certificates per month (rather than 4 or 5 as was the case in 1965-66). Applications for promotion privileges are now normally fully processed in one to two months. At the same time the Ministry of Industry continues to issue licenses for new manufac-

SOPHISTICATED TECHNIQUES AND PRODUCTS are wanted in Thailand, where firms tend to focus on relatively small investments requiring little technology. These Bangkok visitors were briefed on the components of a fuel injection pump at Allis-Chalmers International Division in Milwaukee.

Traders' opportunities

Thailand's rapidly expanding economy, offers many opportunities for American investors and traders. The Treaty of Amity and Economic Relations approved in 1968 sets the stage for these activities. For the future, opportunities for new credit methods, investment in atomic power, petroleum exploration, minerals and agro-industry offer promising fields for American endeavor. The U.S. Mission will continue to help U.S. business to meet these opportunities and assist in Thailand's rapid development.

turing at the high rate of about 225 per month.

The new highway artery to Thailand's Northeast was completed with U.S. military assistance at the end of 1968, giving a hard-surface road from Sattahip in the South up to Korat. At the same time the Thai Government approved the engineering survey by a Dutch firm, NEDECO, near Sriracha, and made administrative provisions for reserving land for an eventual port there.

Thai authorities continue to stress development of the Northeast in their development plans and the Northeast Economic Development Committee (NEED) has begun coordination of new development projects. At the same time the Thai authorities are beginning to plan for the eventual phasedown of U.S. military activity in the Northeast. This should give business a chance to use the skilled labor and possible incentives for investment.

A related development of importance is the growing economic and political support for the huge Pa Mong Dam project near Vientiane. This promises to be one of the largest dams in the world, and, if built, will make possible other follow-on projects to irrigate a major part of the Northeast and the Laotian plain. At the same time there will be a very large power potential amounting to perhaps 3,000 megawatts, compared to Thailand's present capacity of 600 megawatts. Even with this huge power project in prospect, Thailand still will need a substantial supplement of power, and plans have been announced to solicit bids for a nuclear power project of as much as 500,000 kilowatts. Already four American companies making nuclear power plants have sent representatives to discuss plans with the Thai authorities.

Preparations for the post-Vietnam war tourist boom continue. Thailand has been adding about 1,000 hotel rooms a year and the expansion promises to continue through 1969 at least.

Active exploration for petroleum deposits in the Gulf gives hope that another important resource can be discovered. At the same time there has been a considerable growth of interest in mineral deposits in Thailand. It has been estimated that off-shore deposits of tin can supply Thailand for well over a hundred years. Other deposits interesting investors are copper, fluorite, zinc, and iron ore.

U.S. commercial programs looking to the future include an active program for mobile trade shows which tour the provinces. The U.S. International Trade Fair exhibit in December attracted over 700,000 visitors and established the basis for increased sales of over $1.3 million worth of U.S. products.

A credit seminar which opened on Feb. 23 attracted top-level experts from Washington and a large group of Thai bankers and businessmen. The seminar demonstrated the many facilities available to finance U.S. exports to Thailand, in particular in such areas as atomic energy, municipal development, and commercial credits for equipment where Thai businessmen and officials have indicated an active interest in financing imports of American products.

Financial policy's role

Financial policy has helped control and stimulate the economy during its rapid growth of the past decade. Foreign investors and international agencies have responded to price stability and good foreign exchange reserve levels by increasing loans and productive investment in Thailand. In 1968 American investors received approvals for projects worth $48 million; the largest projects being activated were the American oil companies' explorations in the Gulf.

Thailand's development budget has doubled in the past three years, and its continued expansion in 1969 will probably more than make up for the decrease of United States military construction expenditures. However, U.S. military spending is expected to remain high in 1969 and will help offset the large trade deficit that grew to $500 million in 1968. Foreign exchange reserves are at a ten months' import level and will help adjust to the phasedown in U.S. military spending after the conflict in Vietnam ends.

The February elections showed the broad consensus in Thai society for policies that have paid off handsomely in economic development—that is, encouragement of private initiative and foreign investment, orientation toward the market rather than controls, and emphasis on the development of rural areas. Also, at the beginning of 1969 the Government announced a policy of supporting the return of labor organizations to Thailand with specific safeguards against political exploitation of the labor movement.

The intense economic activity of Bangkok reflected boom conditions in the nonagricultural sector of Thailand in 1968. Bangkok is the nation's only major center of commercial, business, and industrial activity. The building boom was evident in all parts of the city, reflecting the great demand for office and commercial space as well as for hotel rooms and residences. Cement consumption in greater Bangkok increased 51% in 1968 and is expected to increase by 20-30% in 1969.

Indices of industry and commerce continued their rapid climb in 1968. Cement production increased 36%, remarkable considering the fact that U.S. military construction expenditures declined somewhat. Electric power consumption was also up 30%, one of the highest rates of increase in the world. Petroleum refining continued to climb, increasing 18.5%. Traffic congestion in Bangkok increased even faster!

Domestic loans and overdrafts of business firms increased 18%, quite a striking increase considering a marked fall in rice exports.

In short, all the above indices indicated Thailand was having a very good year. Thus, increases in the agricultural and business sectors suggest that at constant prices, GNP in 1968 achieved more than the normal 7 to 8% growth rate of the past decade.

Tin exports in 1968 dropped off from the previous year's high, as the International Tin Council production quotas went into effect in September. Prospects for 1969 indicate that quotas will continue and this major mineral industry will not operate at capacity. Meanwhile, the Government is making a concerted effort to en-

Agro-industry booming

Thailand's major interest continues to be in the field of agro-industry. Application of fertilizers, insecticides, and other chemicals continues to increase rapidly but it will be several years before the level of fertilizer consumption reaches the 500,000 tons or so that would be produced by a modern new fertilizer plant. Nevertheless, Thailand's eventual requirements of fertilizer will some day be many times that amount.

courage development of other mineral resources. A nation-wide conference was recently held to discuss the prospects and problems of the burgeoning fluorite industry and a number of U.S. and foreign companies are considering investment in this sector.

Prospecting in the off-shore oil concessions signed in 1968 has begun, and drilling work should be under way by the end of 1969. The Government is drafting a petroleum law and petroleum tax law which promise to establish a firm legal base for petroleum prospecting and production. Several U.S. companies are interested in exploring for oil off the West Coast of Thailand.

Toward modern system

Thailand is moving rapidly toward the goal of a modern, nation-wide telecommunications system. In late 1968 the Japanese won a $22 million contract for extension of telephone service in the Bangkok metropolitan area. Recently Bell Telephone of Belgium, part of International Telephone and Telegraph, made a low bid on spur telephone routes between the provinces. A north-south microwave network should go into service this year; General Telephone and Electronics has just negotiated a contract to construct the second earth station to connect Thailand to the proposed Indian Ocean satellite. Both television networks are planning to construct 625-line television stations in 1969 to begin the nation-wide changeover to that system.

A dampening influence on the rapid business expansion will be the phasedown of U.S. military construction which reached its peak early in 1968 and has been trailing downward for the past six months. In 1969 major projects will be virtually completed. As yet, however, no important effects on economic trends are evident.

The absorptive capacity of the rest of the economy was shown by the apparent ease by which several thousand construction workers moved elsewhere after completion of the port and air field facilities at Sattahip. Reports persist of a shortage of labor despite the release of skilled workers at the completion of military construction projects. Total employment of U.S. forces and their contractors is likely to remain somewhat above 30,000 during 1969 compared to the recent level of around 35,000.

The 1969 budget is, less debt repayment, 10.4% over the 1968 budget, signaling an end to the very rapid expansion of expenditures in the past. This reflects the fact that: (a) planned development and modernization programs have hit their stride; and (b) expenditures are approaching maximum levels which economic officials feel the economy can support.

GRAIN STORAGE ELEVATOR IN THAILAND, below, was built by A & S Steel Buildings of Houston, Tex., last year. The country's agricultural—as well as its industrial—output has been increasing.

About 43% or 10.2 billion baht ($510 million) of the entire 1969 Government budget is for economic development, that is for additions to social and economic projects (not including maintenance expenditures). The largest component of capital development is for road construction, most of which will be by private contractors. Multiple-purpose dams and their concomitant power and irrigation systems are next in line. Expenditures for education show current increases of about 16 or 17%, managing to keep up with increased defense expenditures.

Non-loan revenues are expected to amount to just under 18 billion baht ($900 million) for the year. As in the case of expenditures, the rate of increase in revenue collection is beginning to slow down as a number of improvements in collection have been realized. Import duties continue to be by far the most important source of revenue, accounting for about 30% of the total. Business and excise taxes each produce an additional 19%. Corporate and individual income taxes combined amount to only about 10%. The tax structure reflects pragmatism on the part of authorities who realize that import duties, business and excise taxes are much easier to collect than the income tax.

Fortunately Thailand has been able to keep a relatively free import policy and still maintain high foreign exchange reserves. At the end of the year net reserves, including the net position of commercial banks, amounted to about ten months of imports. However, the merchandise trade gap of $500 million was the largest on record and gave rise to concern on the part of Thai officials. Thailand's strong foreign exchange position will support a liberal import policy and help keep price increases down. Meanwhile, a resumption of rice exports will help to alleviate the expected pressures on the foreign exchange position.

In the past there has been no important inflationary pressure, in part because the bulk of the military expenditure has been in outlying areas which have reserves of relatively underemployed labor. Now the reduction of the level of U.S. military construction expenditures is taking place in a period of increasing budgetary expenditures as well as improvements in Thailand's agricultural and industrial output.

Nevertheless, Thai authorities are concerned that there might be a further marked phasedown of U.S. military expenditures and Thai foreign exchange earnings at some future time when the conflict in Vietnam ends. Current reserve holdings represent a cushion to aid in a phasedown.

However, part of the increase in non-military imports has resulted from the indirect effects of the increased military expenditures, and to that extent imports may be expected to decline along with these expenditures. The above prospect gives further motivation for plans of the Board of Investment promotion to encourage diversification of the Thai economy, particularly in the Northeast and East where American forces are concentrated. Thai awareness of this fact is one of the many factors responsible for the welcome to investment that prevails.

Israeli surge sets records

Recovery since Six Day War has resulted in highest output in a decade

The Israeli economic scene has been characterized by renewed economic prosperity and rapid growth since the Six Day War of June 1967. Domestic output in 1968 increased at the highest rate in a decade, with the most significant advances being recorded in investment and exports.

According to the annual Economic Trends Report from the U.S. Embassy in Tel Aviv, government consumption remained high in the face of increased security requirements. Private consumption resumed its previous level of growth. Relative wage and price stability was maintained. Part of the price for this stability was a large increase in imports and a sizable drop in foreign currency reserves, which, nevertheless, remain adequate.

GNP climbs

The gross national product (GNP) in constant prices rose by 14% after moving along for two years at rates of 2% or less. While the rates of increase varied, strong growth was recorded in employment, in private and government consumption, and especially in investment.

Net imports continued at a high level and totaled approximately $1,050 million in 1968. January imports were at a record level of $110 million. This is 10% above December of last year but 40% above January 1968.

The rise in imports greatly exceeded that of exports; the foreign trade deficit rose significantly; and foreign exchange reserves, which were at a very high level, declined. Prices and wages remained stable. Per capita GNP hit $1,380.

U.S. merchandise exports to Israel consist principally of food, of raw materials and products for further processing by local factories and of investment goods. Although these exports turned down with the economy, they rebounded smartly with the recovery. Total gross imports of U.S. goods by Israel in 1968 rose 25% to $245 million. Another large rise is expected this year but the percentage increase is unlikely to match last year's in view of the relatively slower economic growth rate expected in 1969.

The government has forecasted an overall rise in commodity purchases by Israel from all sources of approximately 12% to $1.1 billion. Raw material purchases, other than fuel and diamonds, are expected to rise by about 9% to $585 million; investment goods, especially ships and planes, by 22% to $245 million; and consumer goods, by 14% to $120 million. The outlook for consumer durable goods is particularly favorable.

Industrial output is expected to grow fastest in the so-called engineering branches—metal and metal products, machinery and equipment, vehicles and electric and electronic products. Other fast growing branches include chemicals, rubber and plastics, leather and leather products and paper, printing and publishing. Slower than average growth is expected in the food and textile and clothing branches. On the other hand, it should be recalled that these branches have a combined output of over one-third of total industrial production. Therefore, although the growth will be smaller, their total requirements for certain raw materials and capital goods will remain sizable.

Israeli investment policy will be designed to give incentives to enterprises with good long run profit potentials and especially to capital intensive sectors, such as the chemical and metal branches, and to branches requiring skilled labor such as science based industries, electronics and fashion goods. A significant investment is also expected to be made in hotels and tourist facilities.

Liberalization measures

U.S. exporters should be able to benefit from the trade liberalization program which has resulted in an increase in the number of products requiring no import licenses and in a decrease in import duties. While the general tariff level in Israel still remains high, duties have come down considerably since 1967, Thus, for example, a product dutiable at a rate of 100% in 1967 would now be dutiable at an approximate rate of 60%.

While it is not possible here to specify individual products, it should be noted that most frequent cuts on products of interest to U.S. suppliers were in metal tools, boilers, machinery and mechanical appliances, and electrical equipment.

Competition in the Israeli market will remain keen, especially from the Common Market countries. Despite the large rise in American exports to Israel in 1968, the U.S. share of the market fell slightly. The EFTA countries gained some ground, especially the United Kingdom, which benefited from its 1967 devaluation. The principal beneficiaries however, were the Common Market countries, whose share of the market rose.

The continued rapid expansion of the economy should serve as a stimulant to investment. No change is anticipated in the policy of granting incentives to investments under the Law for the Encouragement of Capital Investment. In order to prevent pressure on scarce factors of production, however, stricter requirements will be applied to enterprises requesting the status of an approved enterprise. Criteria to be considered include: capacity to export at a reasonable dollar value; sufficient self-financing; assurances of the receipt of continuous and modern know-how; and marketing outlets.

Priority will be given to investments in development regions. For purposes of U.S. controls on direct investment, Israel is defined as a developing country within the meaning of the Interest Equalization Tax Law.

Demand for foreign capital is likely to be strong because of the tighter money market conditions expected in Israel in

Closest ties

Israel's economic relations with the United States are more extensive than they are with any other country. The United States is not only Israel's largest supplier and purchaser of goods and services but also Israel's most important source of capital, principally in the form of private loans and gifts. Private American traders and investors can, therefore, expect to share in Israel's renewed prosperity.

With respect to activities of the U.S. Government, there are at present a number of voluntary agency PL-480 food distribution programs in Israel and in the occupied areas. Israel continues to purchase surplus agricultural commodities with repayment over a number of years in dollars at low interest, and sizable loans have been extended by the Export-Import Bank. There is no AID Program in Israel.

1969. The cost of money in Israel is likely to increase and interest rates will probably remain above those in the United States. Recourse to the U.S. capital market is, therefore, likely for loans of all maturities.

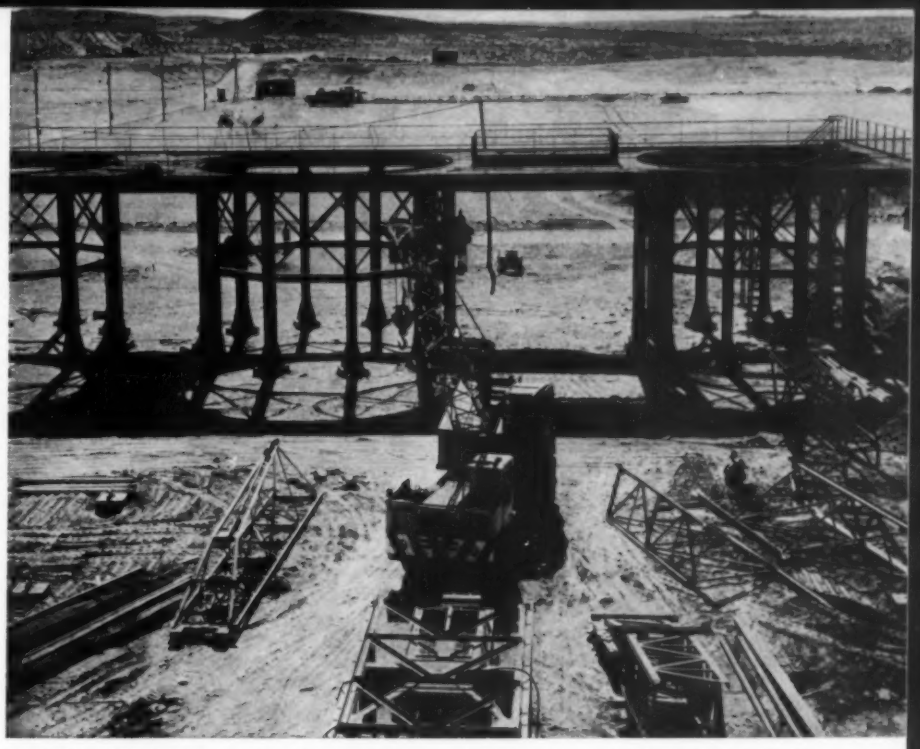
The government, however, has indicated that it will apply stricter criteria in approving short-term loans from abroad and that the issuance of bonds abroad to finance activities in local currency will be limited. This policy does not apply to sales in the United States of development bonds of the Government of Israel, which can be expected to increase in 1969.

Two new instruments were introduced as a means of helping to maintain domestic price and wage stability. Arrangements were made to augment the supply of labor in Israel by importing, under special permit, Arab workers from the occupied territories. At the same time, a major shift in trade policy was announced with tariffs in the first instance cut across the board by approximately 15%. This is in addition to the cuts of a similar magnitude made after the November 1967 devaluation.

According to preliminary data, the foregoing policies appeared to have resulted in a recognizable deacceleration in the rate of growth as 1968 drew to a close. The effect of the restricted monetary policy was particularly noticeable. After rapid increases early in the year, the money supply began to contract slightly toward the end of the year. Although there was heavy government borrowing from the central bank, the monetary effect was neutralized principally by large decreases in foreign currency reserves.

The demand for credit, however, remained strong and was satisfied in major part by borrowing outside of the banking system through so-called bill brokerage loans. These are loans made directly by lenders to borrowers outside of normal banking channels but with the assistance of, and usually a guarantee by, commercial banks. The volume of these loans had been declining since 1967 and their cost had fallen considerably. Preliminary data seemed to indicate that these trends were reversed at the end of 1968.

Israel's economic goals in 1969 remain unchanged. The principal objectives are still the provision of security needs in the framework of balanced growth. Growth is thought essential to reduce the weight of the cost of security on the economy. Other goals include: the encouragement and absorption of immigrants; the maintenance of required social and technological standards; and the gradual change in the structure of production, employment and investment with a view to increasing the competitiveness of the Israeli economy.



CHEMICAL PRODUCTION is one of Israel's fast-growing industries. Above, Arad Chemical Industries, Ltd., complex under construction in the South is expected to begin operations early in 1970.

According to the official government forecast, average GNP in constant prices in 1969 is expected to rise by approximately 11% to $4.5 billion. The rise over the twelve-month period will be at a slightly lower rate. Public consumption is expected to rise by 7%, investment by 21%, and exports and imports by 13% each. Private consumption will rise by 10% or by 7% per capita. Productivity is expected to rise by 4% and the number of "persons not working" will fall into 4% of the total civilian labor force.

The increase in output is expected to take place in all industries, but at differing rates. The building sector will assume its historic role of leadership. Output of residential and non-residential buildings is expected to increase by some 20%. Industry will be next with a growth rate of 12 to 15% and will be followed closely by transportation. Agricultural output is expected to rise by about 5%.

To achieve the foregoing goals and targets, Israel recognizes that a rise in the current account deficit of the balance of payments will be necessary. This deficit fell in recent years from a 1964 high of approximately $570 million to $440 million in 1967, but rose to $615 million in 1968, excluding the occupied territories.

The official forecast does not envisage any significant change in relative price stability. This stability is expected to be maintained provided that: fiscal and monetary policy will succeed in preventing the creation of excess demand; wage stability will be maintained; and pressures for increasing prices of factors of production will be prevented.

With respect to the occupied territories, Israel recorded a current account deficit in trade with these areas of $11 million

U.S. prospects good

U.S. traders and investors can expect to share in Israel's renewed prosperity. Prospects for U.S. merchandise exports are encouraging both because of the acceleration in the trade liberalization program and because of continued rapid growth. Competition, however, will remain keen, especially from the Common Market countries.

Many investment opportunities will present themselves, particularly for firms possessing advanced technology and export market outlets. Money is likely to be tight and continued recourse to the U.S. capital market can be expected.

in 1967 mainly because of purchases by Israeli tourists after the war. With inventory rebuilding and the development of new trade patterns, exports by Israel to the occupied areas increased and are now expected to exceed imports from these areas by $15 million in 1968 and by $25 million in 1969.

Trade and tariff liberalization is again being used as an instrument of general economic policy. Quantitative restrictions were removed on a host of products in early 1969. As in the past, customs duties on liberalized items were raised to give producers time to adjust to foreign competition. The current policy is to reduce gradually the high rates on these products over the next few years. On goods already free from quantitative restrictions prior to 1968, tariffs were reduced effective Jan. 1, by from 10 to 30%.

A delicate balance is needed for rapid growth with price and wage stability at full employment. It is anticipated that additions in 1969 of domestic and imported resources will be sufficient to supply expected increases in demand.

At the same time, it is recognized that continued rapid growth carries with it some risk of renewed inflationary pressures, which would be manifested in the form of larger than expected increases in imports and/or domestic prices and perhaps wages. In order to repeat the patterns of 1968, therefore, it will be necessary to remain alert to changing circumstances.

Nepal economy in moderate rise; contacts with U.S. remain minimal

Tourism industry offers best openings for foreign participation; GDP up 5-7%, imports and foreign exchange grew in '68

The Nepalese economy, after a 25% devaluation of the rupee in late 1967, took a turn for the better during the past year, according to the annual Economic Trends Report from the U.S. Embassy in Kathmandu.

Statistical data generally are not available to support this statement in detail, but partial estimates and fragmentary information indicate that the reestablishment of a more balanced exchange relationship between the Nepalese currency and that of Nepal's major trading partner, India, was of considerable importance in bringing about an at least modest economic upturn.

Developments in the Nepalese economy will have little effect on U.S. businessmen or prospective U.S. investors in the short run. Trade between the two countries is small, totaling an estimated $3 million or less both ways during each of the past two years, and private U.S.-financed business activity in Nepal currently is limited to one comparatively small tourist enterprise.

The limited size of the Nepalese market and serious transport problems have militated against an inflow of foreign capital—except for Indian private investment in mostly Terai-based processing industries—despite the inducements offered by favorable governmental attitudes.

A recent amendment to the Industrial Enterprises Act permits annual repatriation of 10% of the foreign exchange capital invested in import-substitutive or export-oriented enterprises and remittance of 25% of the profits earned on such investment, together with a number of generally quite liberal tax and customs incentives. Still, economic realities so far have dampened the commercial enthusiasm of nearly all potential foreign investors, including those from the United States.

There are signs, however, that Nepal may be approaching a stage of development in one or more sectors that will reasonably soon permit serious, positive consideration by U.S. business interests of investment prospects. A prime example is tourism: the number of Westerners and other non-Indians visiting Nepal rapidly is building to a level above the minimum likely needed for profitable operations in

SIGNIFICANT INVESTMENT in tourist facilities is expected in Israel. Below, Hilton Hotel in Tel Aviv.

A farm economy

Emphasis on the importance of foodgrain production points up the fact that Nepal's economy is based on traditional agriculture and is nearly devoid of industrial or service sectors. Roughly 90% of the Nepalese people make their living from small-scale agricultural or agriculture-related activities. Farming in the mountainous two-thirds of Nepal is a family affair carried on at a subsistence level. The Terai lowlands area bordering on India produces an exportable agricultural surplus, and even there modern practices and production inputs are only beginning to be adopted.

the service enterprises related to tourism. Minimum constraints on the tourist industry probably soon will be broken by the sheer numbers of visitors to Nepal, thus presenting attractive investment possibilities within a few years.

Other possibilities exist potentially in manufacturing or processing—using indigenous raw materials for the most part because of policy decisions reached by Nepal and India—for the large Indian market. Investment in, for example, the timber industry or relatively unsophisticated consumer manufacturing is latently feasible in economic terms, although this would require close examination of the current commercial policies of the Governments of Nepal and India in respect to free access to Indian markets.

Further possibilities exist for U.S. businessmen in relation to Nepal's enormous hydro-electric potential, but this is an area that will be exploited only over the much longer term.

Nepal is commited to maintaining a satisfactory rate of economic development and has made noteworthy progress since the early 1950's when the country emerged from its centuries-long isolation. Gross Domestic Product in real terms may well have risen during 1968 by 5-7%; individual and business incomes were up, as evidenced by rising tax revenues; and imports increased at the same time that the all-important Indian rupee reserve position of the Nepal Rastra (Central) Bank was improving.

Another major factor in the better performance of the Nepalese economy during 1968 was generally good foodgrain harvests after two years of reduced crops due to drought. This increased production permitted an added volume of exports of rice to traditional markets in India during the year. The 1968 rice crop, which is only now being processed for export, is also regarded as being of the bumper variety.

It is in the context of an agricultural, partly-monetized economy typified by very low per capita incomes (approximately $75 per year) that one must consider the impact of heightened economic activity over the past year.

A number of additional encouraging indicators can be cited, nonetheless. Significant progress continues in the development of Nepal's transport and communications systems.

On the debit side of the economic ledger, gradual inflationary pressures persist—the 1968 weighted cost-of-living index for Kathmandu, based on unofficial sample data, stood at 125, compared with 118 the previous year (base 1964=100).

Also, the policies governing trade between Nepal and India recently have been at question. Disagreement over interpretation of the two countries' 1960 Trade Treaty led to a determination by the Government of Nepal severely to restrict further growth of the budding small-scale stainless steel and synthetic textile processing industries, which are based on imported raw materials and which planned to take advantage of the nearby Indian market. Nepal and India also recently have disagreed on the provisions of the Treaty as they relate to Nepalese grain exports to the states of India other than Uttar Pradesh and Bihar on Nepal's southern border. These disputations highlight the importance of forthcoming negotiations on renewal of the bilateral Indo-Nepalese Trade Treaty, which expires in October 1970.

NEAR KATHMANDU, Nepal's capital, modern ropeway aids distribution in country's upturning economy.

Finally on the debit side is the abiding problem of insufficient Government revenues for development purposes. Revenues rest on the narrow base of land taxes and customs receipts; the graduated income tax and other indigenous sources of funds bring in relatively little revenue.

The Government's budget for fiscal 1969 (July to July), however, was by far the largest ever adopted, with projected expenditures amounting to the equivalent of $66.7 million at the present rate of exchange. Foreign aid donors, including the United States, were expected to provide about 43% of all revenue receipts of the Government, thus covering most of the shortfall in the budget; anticipated receipts from Nepalese sources amount to only $36.5 million.

Nepal and the United States are far removed geographically and lack, thus far, significant mutually beneficial trade or investment opportunities. Nonetheless, as Nepal takes further strides toward modernization and economic development during the next two or three years, closer interest might well be paid by U.S. businessmen to commercial prospects in this Hindu mountain kingdom.

Tourism expands

Again last year the number of tourists from abroad (non-Indian) increased substantially. More than 24,000 tourists visited Nepal during 1968, compared with 18,000 the previous year and 2,000 a decade or so ago. Nearly one-half of the 1968 visitors were U.S. citizens. This important source of foreign exchange earnings is expected to continue growing at a substantial rate. Nepal has been for some years in comfortable circumstances with regard to hard currency holdings, with earnings consistently exceeding spending; official convertible reserves stood at $40 million in mid-1968.

Australian growth steady

Upward trend in output, business activity offer favorable prospects for U.S. sales

Strong and steady growth marks virtually all sectors of the Australian economy.

Demand is buoyant. There has been upward pressure on prices and wages, but otherwise there are few signs of strain. Continued capital inflow has more than offset the usual deficit on current account. Prospects are favorable for agricultural and minerals production and for continued export growth, according to the semi-annual Economic Trends Report from the U.S. Embassy in Canberra.

The expanding economy offers bright prospects for increased sales from the United States. Firms should pay close attention to the structure of the Australian market and should expect competition to intensify, particularly from the United Kingdom and Japan. The need for a systematic review of the level of tariff protection extended to Australian manufacturing industries has been suggested by some observers of the Australian economy.

Foreign investment

Although compulsory restrictive measures seem less likely, the role of foreign investment in Australia will be closely watched. While Australian Government policy continues to offer a welcome to foreign investment, Prime Minister Gorton has increasingly expressed his concern over foreign control of Australian business and resources. He has continued policies of his predecessors of expressing a preference for Australian equity participation in new ventures by foreign investors in Australia and of limiting the raising of debenture capital on the Australian market by foreign owned firms. He has also several times stated his conviction that selective controls should be applied to the takeover of existing Australian firms particularly by foreign capital.

The Prime Minister on Feb. 25 made clear, however, that he believed the Government was accomplishing its purpose and that compulsory measures regarding equity participation would not be adopted. U.S. firms considering new or expanded investments in Australia should consider the official Australian views which have been expressed with greater frequency recently. They should recognize nevertheless that Australian officials are keenly aware of the need for foreign capital if the country is to grow as rapidly as possible.

In its latest annual report, the Tariff Board has indicated that Australian tariffs should be reviewed systematically to see whether protective rates imposed on some products are still needed. The Board also indicated that in the future it would not recommend additional tariff protection for local industries that have little prospect of operating without an effective rate of tariff protection of more than 50%.

There seems to be general agreement that Australian tariffs should be reviewed but there has been strong industry and political opposition to the notion that an arbitrary ceiling of tariff protection should be applied. It does not appear likely that any substantial revision of the Australian policy of protection for domestic manufacturing industries will take place in the near future. However, it is significant that the tariff policy has at least become a subject for public debate. In the long run, this could lead to a lessening of the degree of protection afforded to many domestic industries.

Despite the reassuring performance of its balance of payments, Australian officials continue to be apprehensive over the deficit on trade and services, particularly if the inflow of capital should be reduced. Several top level Australian officials have in recent months pointed to the U.S.-Australian bilateral trade balance which gives the United States a surplus of $500 million a year.

In consequence, they have publicly criticized U.S. import restrictions on some of Australia's principal exports—for example, meat, dairy products and sugar, and a tariff on wool. Although the U.S. position on such matters has been carefully explained, further criticism may be expected whenever U.S. import restrictions appear to affect Australia's more significant exports.

Keener competition

The United States has only in the past two years moved ahead of the U.K. as the principal supplier of Australian imports. Since that time the British have been making a determined effort to recover their trade position in Australia. Official and private organizations in the U.K. have been mounting an increasing number of trade missions to Australia. The individual missions have generally been geared closely to a particular product area, well equipped with samples, and have not limited their visits to just the two main centers of Sydney and Melbourne.

Exports from the U.K. to Australia still benefit from the Commonwealth tariff preference and from some reductions in prices on U.K. exports, as a consequence of the sterling devaluation in 1967. Moreover, freight rates between Australia and Europe will be reduced when regular container services are established later in 1969.

Japanese exports to Australia have increased more than tenfold since 1956 and recent Japanese sales effort has continued to be strong in practically every major field. Metal manufactures, heavy industrial equipment, chemicals, automobiles, electronics, and textile fibers are areas where Japanese goods are well established in the Australian market.

Japanese heavy equipment is showing up more frequently. This is particularly true in mining developments and in ventures such as wood chip production where Japanese capital is associated with Australian firms or where Japan provides a major market for Australian exports.

BILATERAL TRADE WITH AUSTRALIA gives U.S. a surplus of $500 million a year. Below, Houghton Wines in Western Australia has recently received its first export order from America.

Japan is now the leading market for Australian goods in global terms, as well as for a number of Australia's more important individual exports, such as wool, coal, iron ore and copper. Japan's large deficit on trade with Australia and its importance to several leading Australian export sectors are emphasized as strong inducements to Australia to buy more from Japan.

Strong, steady growth

The Australian economy continues to show a strong and steady upward trend in output, business activity, and demand. At the close (in December) of the first six months of the 1968-69 financial year, official estimates of the expected growth of gross national product for the year have been revised upwards to 7%—from 6%—in real terms. Output in agriculture, industry, and mining are all expected to establish new records for the year.

Consumer spending has been surging ahead, with retail sales up 7% over a year ago. After slowing down during the September quarter, registrations of new motor vehicles have picked up again and for the financial year will probably exceed new registrations for the previous year. Business capital spending also has been expanding—largely due to growth in the mining sector.

In some manufacturing sectors—including motor vehicles, certain chemicals and refining—new capital expenditures have shown a tendency to level off. At the half-way point in the 1968-69 financial year, Federal budgetary receipts and expenditures were running 10% ahead of 1967-68 and therefore reasonably in line with the budget estimates for the current year. For financing the deficit during the first half of the fiscal year there was slightly more reliance on overseas loans and somewhat less resort to domestic bank loans.

For the December quarter 30 out of 35 major indicators of industrial production showed gains over a year earlier. Particular strength has been shown in construction of housing. Commencements of new dwellings are running about 15% over the previous year. (Approval of new nonresidential buildings in the December quarter was less in value than for the same period of the year earlier.)

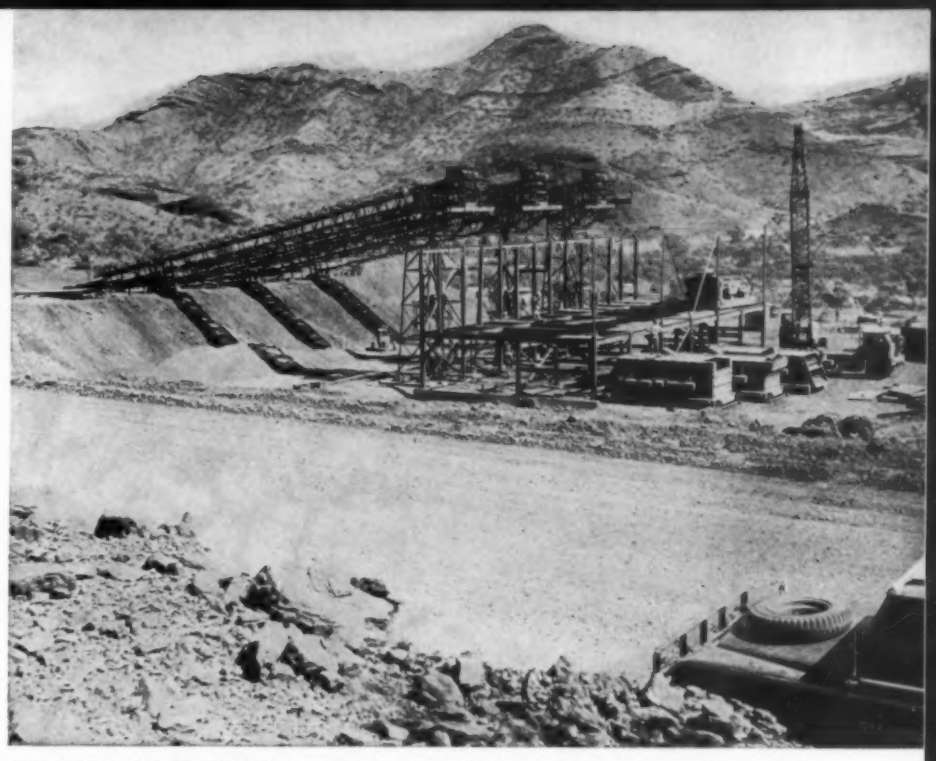
The boom in housing is most notable in Western Australia and is strong in most other Australian states. Only in South Australia has home building remained relatively slow. Related to the boom in new housing has been the sharply rising demand for building materials and consumer durables. During 1969, natural gas will be made available to domestic and industrial users in the Melbourne, Brisbane and Adelaide areas with a substantial saving on fuel costs.

Employment continues favorable. The increase in new jobs has stepped up slightly to about 3.3% per year, the best average in five years. Wage rates and average weekly earnings are at an alltime high. The rate of overtime is about the same as a year ago. After dropping to a low level from July through October 1968, the number of registered unemployed increased by the end of January (1.8% of the labor force) almost to the level of a year earlier.

Record year for agriculture

The rural output in Australia for 1968-69 is now estimated at a new record level. The Bureau of Agricultural Economics estimates an overall increase of 23% above the previous year (which was affected by drought). With the wheat crop estimate at over 530 million bushels there are doubts that Australia can maintain a high level of wheat exports. One of the main problems for the coming year therefore is the possibility of a large wheat carryover. Last year's carryover was only 51.4 million bushels as of December 1968, but there is a good possibility now that the carryover will be over 200 million bushels in December 1969.

Australian Meat Board officials are warning that there will be about 400,000 tons of meat in excess of domestic needs. About 225,000 tons will be sold in the



IRON ORE IS ONE OF AUSTRALIA's important exports. Above, new venture of Hamersley Iron Pty. Ltd., developing Mt. Tom Price mine north of Perth, is 40% owned by Kaiser Steel. (Kaiser Steel photo)

Careful market approach needed in Australia

Australia's steady economic growth, its rising incomes, its already broadly diversified economy, and its prospects for development of new areas linked with rich minerals discoveries all combine to offer an expanding and attractive market for U.S. exporters. The effort to gain or maintain a share of the market, however, must be carefully keyed to the needs of specific customers.

Account must be taken of the vast geographic area covered by Australia, the range of climate from temperate to tropic, differences in needs between the large urban agglomerations in southeastern Australia and those in the vicinity of new minerals discoveries in northern and western parts of the country, and the nearness or remoteness to the larger distribution and servicing facilities.

WIDESPREAD RAINS over eastern seaboard in Australia recently broke a three-year drought there. Above, typical scene during wheat harvest. Cotton and tobacco production is expanding strongly.

United States but the balance will have to be sold in less lucrative markets, thereby reducing the potential export earnings. Tobacco production is expanding. As a result the farmers are pressing for a larger marketing quota, which has been increased twice in the past two years. The marketing quota for domestic production tends to limit possibilities of importing tobacco.

Cotton production is expanding so much faster than consumption that Australia was in an export position for the first time in 1968. Some small sales were made to Japan and additional markets are being sought. The cotton exported to date was mainly low grade cotton produced in the Ord River area. Any cotton exported last year did not receive the Australian bounty payments and had to compete at world prices. From 1969 on, the bounty will be paid on all production, not only domestic sales.

The best recent news in agriculture—after three recent drought years—is the widespread rains in February over the eastern seaboard of Australia.

Bank liquidity reduced

Deposits with both the major trading banks and savings banks and bank loans all increased strongly in the 12 months ending December 1968, but the increase was not as great as that shown during the previous 12 months. Instalment credit balances outstanding for retail sales were up by over 10% for the year, a stronger increase than in the previous year.

Bank liquidity was further reduced. During the final quarter of 1968, the Reserve Bank increased from 8% to 9% the prescribed Statutory Reserve Deposit ratio of the trading banks. Moreover, the ratio of LGS (liquid and government securities) assets to deposits with these banks had been reduced to 23.6% by December 1968, as compared to the obligatory 18%.

Upward pressures on prices and wages continue. The consumer price index for the December quarter was 2.7% higher than for the same period a year earlier. The largest increases were in the housing and miscellaneous categories. Average weekly earnings are expected to rise by 6% during the current financial year, a bit higher than the rate expected when the Federal budget was presented in August.

For the first five months of the 1968-69 financial year, the rate of growth of imports (14%) was nearly double the growth of exports. However, in December and January the export picture strengthened. (Australian exports actually exceeded imports in December for the first time in a year.) Better wool, meat, and sugar prices helped raise the value of exports.

Shipments of minerals showed good growth, as was expected. Even exports of manufactured goods increased despite the persistence of fears that Australian exports of such items would be adversely affected by the sterling devaluation in 1967. Favorable export growth is expected to lie ahead, particularly in minerals and agricultural products.

Australia's international payments position remains close to balance. A net inflow of capital is usually sufficient to offset regular deficits on current account. A balance-of-payments surplus of $96 million was reported for the December quarter of 1968 after a deficit of $67 million for the September quarter. Australia's holdings of gold and foreign exchange were $1,344 million on Jan. 31, an increase of $64 million over the previous year.

Loan will help Lebanon equip satellite station with U.S. goods, services

The Export-Import Bank has authorized a $2.8 million loan to the Lebanese Government to help finance the purchase in the United States of equipment, materials and services required for construction of a satellite communications ground receiving and transmitting station and related microwave equipment.

The new station, which will be located near Beirut, will be built by Page Communications Engineers, Inc. of Washington, D.C., a subsidiary of Northrop Corp., and is expected to be in service this August. Total cost of the project is estimated at some $3.8 million, including local costs.

The earth station will have a 98.4 foot antenna and will be equipped to handle 60 voice circuits simultaneously, as well as to receive television programs via the satellite to be placed in synchronous orbit over the Atlantic Ocean this spring.

Eximbank's loan is repayable in 16 semi-annual installments beginning in March 1970 with an annual interest rate of six percent on outstanding balances.

Spain reduces duties on some acrilon fibers

The Spanish Ministry of Commerce has authorized the duty-free importation of up to 4,500 metric tons of each of the following classes of acrilon fiber before June 30: uncarded fiber (tariff no. 56.01-A-3); cable (56.02-A-3); carded fiber (56.04-A-3); and unconditioned thread on spools (56.05-A-3).

The Ministry of Commerce has also ordered the total suspension of customs duties on imports of coil flat slabs for stainless steel sheet (tariff no. 73.15-B-2-b) for three months, effective Feb. 18.

Licensees sought to manufacture German, British, French products

U.S. firms offered wall-coverings, radiators, balustrades, storage tank cleaner, flowmeter, machine to test metal fatigue

Three Western European firms seek U.S. licensees to manufacture paints and other wall-coverings, glass fiber-reinforced plastic radiators, wrought iron balustrading, spray head for cleaning tanks, a flowmeter and a machine for testing metal fatigue.

To obtain additional information concerning these products and the names and addresses of the manufacturers **write:** Office of International Investment, code 874, Bureau of International Commerce, Department of Commerce, Washington, D.C. 20230, referring to the appropriate File number assigned each opportunity listed below.

• A West German company is seeking a U.S. licensee to produce its impregnating coatings, which are designed to protect concrete, cinder blocks and bricks from dampness; and its corrosion-proof paints, liquid plastic coatings, and insulating plaster. **File 1725.**

• A German manufacturer is interested in granting a license for the production in the U.S. of its patented glassfiber-reinforced plastic radiators.

The company claims that these radiators have many advantages over the customary steel plate or cast iron types of radiators in that they are light weight, corrosion- and frost-proof, non-electrical conduction; they will not crack and painting is not required. **File 1726.**

• A British manufacturer of wrought iron and aluminum balustrades, wall handrails and balconies is seeking an American company to manufacture and distribute its patented balustrading under license in the U.S.

According to the information supplied by the British company, its product is a "patented system of prefabricated components which enables a fitter working on his own to erect balustrading and wall handrail to site requirements without the prior need for accurate staircase measurements. The system is so designed that should the staircase, when constructed, differ from the architect's drawings, a simple adjustment or addition of the correct component is all that would be needed. The prefabricated components are easily stored in boxes and take up very little space; thus they can be kept on the site until required." **File 1727.**

• A British manufacturer is offering its patent rights to a storage tank cleaning unit for manufacture in the U.S.

The unit's spray head is designed to rotate in such a manner that the liquid cleaner, disinfectant, and the like reaches every part of containers, such as tanks.

This spray head, which is adequately self-lubricated while remaining sealed against leakage, is constructed so that a nozzle carrier is rotated about its axis by direct gearing to a rotor on which it is journalled. The rotor constitutes part of a turbine driven by the cleaning liquid and rotated about another axis, whereby the desirable "total covering" may be obtained with relatively fewer working parts.

This device may be used for cleaning or other treating of storage tanks in dairies, breweries, tank farms and the like where the cleaning of vats, conditioning tanks, rail and road tankers are frequently required. Similarly, the device can be used for the treating and cleaning of ships' storage tanks that have contained such cargoes as edible oils, fuel oils and crude oils. **File 1728.**

• A French company is seeking a U.S. firm to manufacture its ultrasonic flowmeter on which a U.S. patent is pending.

The flowmeter is designed to accurately measure the flow or speed of liquid or gas, and serves as an air or wind gauge. The unit is fully equipped with transistors and integrated circuits, and can easily be positioned for measuring. The two transducers used in the system are, in most measurements, secured to the outerwall of the pipe or duct.

The company claims that the measurement principle used practically eliminates all factors of error currently known with the classical equipment. **File 1729.**

• A French firm is offering to a U.S. licensee its ultrasonic fatigue testing machine upon which U.S. patent is pending.

This machine, through alternated-traction-compression endurance tests, determines the maximum strain which can be applied to a piece of metal before breakage occurs, consists of a transistorized electronic generator and a measuring rack which permits the reading of strains and the number of cycles numerically. There is an electro-acoustic units comprising a test head on which the electro-mechanical transducer is mounted. When the first crack appears in the metal tested, the machine switches off automatically. **File 1730.**

Swiss firm wants licenses in aerosol packaging field

A Swiss firm seeks licenses to manufacture products suitable for aerosol packaging and the technology associated with newly developed packaging methods and techniques.

Currently, the company specializes in the packaging of numerous products in aerosol cans and production of the aerosol containers.

Firms interested in obtaining additional information should **write:** Spray Pak G.m.b.H., Industriestrasse, 8910 Affoltern a. Albis, Switzerland. WTD.

Swimming pool licenses sought by South African

A South African highway and street construction firm is interested in manufacturing swimming pools in South Africa and seeks licensing or franchise arrangements with a U.S. firm.

Write: Dared Construction Co. (Pty) Ltd., Union of South Africa, P.O. Box 61, Kenmare, Krugersdorp, Transvaal. WTD.

Belgian firm seeks license to make welding electrodes

Licenses to produce flux cored wire, aluminum wire and welding powder for hardsurfacing sought by Belgian manufacturer of welding equipment.

Write: Mr. Louis Cools, Mgr., Lastek p.v.b.a., Bredabaan 990, Merksem, Antwerp, Belgium. WTD.

U.S. ties sought by British firms

Four British firms seek licenses, other arrangements with U.S. companies to make office equipment, hydraulic machinery, materials handling equipment, electronic components, power transmission and control devices.

The proposals follow.

● Licenses for the manufacture of office equipment and accessories, ranging from binder clips to calculating machines, and store display fixtures of universal applications including the batch production type are sought by a British firm.

The manufacturer is already well established in the production and exportation of items in the above categories but seeks to expand its line with new U.S. technology and product designs.

Write: M. Myers and Son Ltd., P.O. Box 16, Oldbury, Warley, Worcestershire, England. WTD.

● A division of a well known British company seeks licenses to manufacture products for which it could utilize its excellent engineering, production and marketing facilities.

The firm is interested in the manufacture of gearboxes for trucks; hydraulic machinery, particularly hydraulic rams, pistons and cylinders; and fork lift trucks and associated materials handling equipment. Also tower cranes; apparatus for moving cranes; metal waste disposal equipment; and machinery for crushing obsolete automobiles and other vehicles.

The division employs over 2,700 and is engaged primarily in the production of diesel engines and switcher locomotives.

Write: P-69495, Office of International Investment, Department of Commerce, (BIC-878), Washington, D.C. 20230. WTD.

● A British producer of multipin electronic connectors and connectors for printed circuits seeks U.S. licenses for the manufacture of related electronic components.

The company currently manufactures a relatively comprehensive line of plugs; sockets; connectors; valveholders; voltage selectors; crystal sockets, etc. used in the electronics industry and is interested in expanding its activities.

Write: The McMurdo Instrument Co. Ltd., 143-149 Great Portland St., London, W.1., England.★ WTD.

● A very large, long-established British firm seeks collaboration with a U.S. company involved in aerospace-type operations for the manufacture of high pressure hydraulics; power transmission, control devices and the like.

The company claims to have a country-wide technical sales force and believes its chief skill lies in handling the most advanced and difficult materials from the original forging to the finished product. The company has 4,100 employees and 20 sales engineers.

Write: Daniel Doncaster and Sons, Ltd., Birley House, Wadsley Bridge, Sheffield S6 1 ET.★ WTD.

Investment Assistance

To receive follow up assistance and general information about investment abroad telephone: 202-967-3786 or write: Office of International Investment, Department of Commerce (BIC-878), Washington, D.C. 20230. A (*) following the name of the foreign firm indicates that additional information is available from the above address.

WTD indicates that a World Trade Directory Report containing financial and business background information on the foreign firm is available for $2 from the Department of Commerce (BIC-924), Washington D.C. 20230 or the nearest Department of Commerce Field Office.

The licensing and joint-venture proposals listed in this section are published as an informational service for U.S. firms interested in overseas affiliations. Companies responding to these opportunities should be cognizant of the present mandatory investment regulations administered by the Office of Foreign Direct Investments, U.S. Department of Commerce, Washington, D.C. 20230.

Dry cleaning venture proposed by Cameroonian

A Cameroonian businessman seeks U.S. joint venture partner to establish Yaounde's first dry cleaning establishment.

Findings of recent U.S. Trade Mission to Cameroon confirm need for dry cleaning facility in Yaounde.

Firms interested in obtaining additional information regarding this opportunity should **write:** Dieudonne Tchoumba, B.P. 24, Yaounde, Cameroon.

German companies look for U.S. ties

Two German firms are interested in licensing arrangements with U.S. manufacturers. A license to produce specialty industrial lighting components is wanted by a manufacturer of special electrical and safety equipment, while a producer of industrial tank lining wants to expand into the production, sale and installation of plastic fuel oil tanks.

● A large, well established German manufacturer of special electrical and safety equipment seeks to expand its product line through licensing and sales agreements with U.S. firms.

The concern is interested in the production of explosion-proof and other specialty lighting components for application in the chemical and other industries.

● A well established German industrial tank lining firm plans to expand into the production, sale and installation of plastic fuel oil tanks.

It seeks a licensing and distribution agreement with a U.S. manufacturer who could also supply the necessary plastic materials. The tanks ranging up to 1320 gallon capacity and larger would be utilized in commercial, industrial and residential heating applications.

An executive of the German concern is prepared to visit the U.S. this spring to discuss licensing arrangements with firms responding to this announcement.

To obtain additional information about these two opportunities interested U.S. manufacturers should **write:** The American Consulate General, 5 Cecilien Allee, Dusseldorf, Germany. WTD.

Austrian producer proposes valves, fittings venture

An Austrian firm engaged primarily in the manufacture of acid resistant automatic control devices, valves and fittings for the chemical and paper industries seeks a joint venture with an experienced U.S. company. The U.S. participant is offered up to 65% interest in the enterprise.

Reportedly there is a growing demand in Austria and neighboring East European countries for valves, fittings and other process control devices where the Austrian concern has developed a growing market.

Write: Mr. Rudolf Schmidt, Rudolf Schmidt O.H.G., Villach, Karnten, Austria.★ WTD.

UNDP contracts available

Projects include large-scale, pre-investment undertakings, advisory, training services

Eligible U.S. engineering firms and consultants can now bid on contracts valued at $17 million to provide services for 123 United Nations Development Program projects which appeared in the Feb. 10 issue of INTERNATIONAL COMMERCE. Reprints of the article are available on request, without charge, to interested firms from the International Liaison and Trade Opportunities Staff, BDSA-541, U.S. Department of Commerce, Washington, D.C. 20230.

The total estimated cost of the projects will amount to $222 million.

The contracts to be awarded under the new program include such activities as land and water resource investigations, mineral surveys, large scale transport programs, improvements of industrial plant operations, setting up of modern applied research laboratories, preparations for nationwide water supply and sewage disposal facilities, and special assistance in development planning.

One project calling for extensive use of contractual services concerns the development of the Oxbow Complex in Lesotho. Under the proposed scheme, the waters of the Nalimabatso River would be stored in the highlands of Lesotho and conveyed through a series of tunnels and balancing dams to the border for sale to South Africa.

The first phase of this project, under which it will be possible to supply 157 million gallons of water daily, has an estimated cost of $64 million. Contracts amounting to some $1.5 million will be awarded for engineering investigations. The main portion of this contract will be for deep drilling to be carried out over an initial 18 months period. Access roads will also be surveyed and designed.

An ambitious scheme being launched by the Bolivian government to promote the agro-industrial development of the Abapo-Izozog region south of Santa Cruz will also demand the services of consulting engineers to undertake an overall assessment of water resources.

This is an important element in a pilot demonstration program aimed at determining the investment potential of the region as a whole. A contract amounting to $170,000 will be awarded for this work, for which $10,000 has been awarded under preliminary operations and executed. Groundwater investigations will also be carried out under contract in projects in Morocco, Paraguay, Spain, and Tunisia.

A number of projects are concerned with improvements of crop productions and seed strains, notably one in Mauritania which will study the feasibility of developing irrigated rice and sugar cultivation in the Gorgol flood plain. In its initial phase the project will examine the possibilities of building dykes and sluices to control the flows from the Gorgol and Senegal rivers and thus protect an experimental area of some 5,000 hectares. Most of this project will be carried out under contracts amounting to $515,000.

The specialists' skills required by a resettlement program in Burundi will also be supplied by firms under contracts valued at $294,000.

Basic studies in hydrology, pedology, sociology, land tenure, housing, health, road building, education and human resources will be made by the consultants to provide the basic information needed for the planning and implementation of an overall rational program of settlement and development for the Mosso and Cankuzo area.

Mining

In Indonesia, where the government hopes to expand off-shore tin production, contracts totaling $300,000 will be given to firms for the outfitting of a drilling vessel, for making ore tests and for additions to drilling platforms and docking services.

A project in Liberia, also in this field, will help assess the mineral resources of a 40,000 square kilometer area in western and central Liberia. Contracts amounting to $350,000 will be awarded for core-drilling, geological reconnaisance and mapping.

Practically all of Rwanda will be covered by aerial and ground investigation in order to make a detailed evaluation of the economic possibilities of the country's mining industry. Aerogeophysical survey, geochemical reconnaissance, the preparation of photomosaics and certain drilling operations will be carried out under contracts amounting to $285,000.

Another project in Panama designed to carry out extensive exploration of the potentially favorable northern coast region has special needs in the form of helicopter and sea transport services, air photography and geophysics which will be covered by contracts amounting to $125,000.

Transportation

In the field of transport, provision has been made for a number of major contracts. For example, in Indonesia a highway assistance and transport coordination study will be carried out by the World Bank over a period of 2½ years. Contracts amounting to $3.4 million will be awarded.

Under this project, three separate teams of transport specialists will assist Bappenas, the national planning agency, in planning and implementing a comprehensive program of highway development and management. The teams will be made up of senior transport advisors to work with Bappenas and construction engineers for field operations in Sumatra, Java and Sulawesi.

Two projects in the Democratic Republic of Congo are concerned with transportation and will call for contractual services totaling some $2.5 million. One will assist in drawing up a comprehensive program for the administration and implementation of highway maintenance and improvement. This project will also include bringing the new system into operation and the training of staff for the national highway agency.

The efficiency and capacity of the river transport system is also the subject of investigation for an investment planning program. Experts in management and organization, transport economics, inland waterways and river fleet maintenance are among the specialists that will be supplied under contracts amounting to $860,500.

Other similar projects are being undertaken in the Malagasy Republic, in Nepal and Somalia.

A long range program of assistance in management practices and high level technical support will be supplied to the East Pakistan Water and Power Development Authority under a contract of over $1.7 million. The main work will be concentrated on the power wing where experts

will be provided in such fields as management, staff training, accounting, works programming, power engineering, power economics and other aspects of power system operation.

Another project which will strengthen the Sierra Leone Electricity Corporation (SLEC) in order to carry out a long term countrywide power development program will award contracts totaling $140,000 for the preparation of an energy survey, a market study and a power plant.

A program of assistance to the Department of Planning and Economic Affairs in Liberia is being continued for another 18 months. During this period, Harvard Development Advisory Services, which has carried out contracts under two earlier projects, will provide consultants in project formulation and appraisal, public finance and budget estimate preparation, concessions, royalties and natural resources development. Contracts for this project are valued at $480,000.

Narrative summaries of specific projects (DP/SF/R.7/Add. . .) listed below are available from J. L. Malone, International Liaison and Trade Opportunities (ILTO) Staff, BDSA-541, Room 4057, U.S. Department of Commerce, Washington, D.C. 20230.

Lesotho—Add. 59; Bolivia—Add. 6; Morocco—Add. 72; Paraguay—Add. 84; Spain—Add. 93; Tunisia—Add. 102; Mauritania—Add. 70; Burundi—Add. 9; Indonesia—Add. 44; Liberia—Add. 61; Rwanda—Add. 88; Panama—Add. 83; Indonesia—Add. 43; Democratic Republic of Congo—Add. 22 and 24; Pakistan—Add. 79; and Sierra Leone—Add. 90.

Equipment bids sought for microwave system

The Director, S & T Railway Board, Rail Bhawan, New Delhi, has issued Tender No. W3/MW/1, for the provision of narrow band long haul microwave line of sight radio relay system.

Bid deadline is Apr. 18.

This equipment is required for various sections of the Indian Railroad System, and will be financed under International Development Association (IDA) credit. Total value of equipment $1.33 million.

Copies of tender announcement and specifications are available from the India Supply Mission, 2536 Mass. Ave., Washington, D.C. 20008, or on a short-term loan basis to firms located in the U.S. from the Communications and Electronics Division, BDSA-643, Room 4209, U.S. Department of Commerce, Washington, D.C. 20230.★ (Telephone: 202-967-4823).

The firms and individuals in the following lists are interested in trade relations with U.S. businessmen. The commodities in which they have expressed interest are indicated by the numbers preceding the commodity classification. These numbers refer to the Standard Industrial Classification (SIC) Manual, which is available for $4.50 a copy from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Every effort is made to include only firms or individuals with good reputations. However, the Department of Commerce cannot be responsible for any trade relations.

The listing in INTERNATIONAL COMMERCE of opportunities to trade in specific commodities and technical data does not necessarily imply approval of their export by the U.S. Department of Commerce pursuant to the U.S. Export Control Act. For applicable export licensing regulations and policies, see the Comprehensive Export Schedule or consult the Bureau of International Commerce's Office of Export Control or any Department of Commerce Field Office.

- **indicates that the trade opportunity represents a request for bids by a foreign government agency. A (★) following indicates that additional information may be borrowed by firms located in the U.S. from the Business and Defense Services Administration (BDSA), U.S. Department of Commerce, Washington, D.C. 20230; telephone numbers indicated. To avoid delay, requests for loan material should specify country and commodity.**

★★ indicates opportunities obtained by U.S. trade missions to other countries. A (★) following these indicates that additional information may be obtained by writing the International Liaison and Trade Opportunities Staff, BDSA-541, U.S. Department of Commerce, Washington, D.C. 20230. The TM (trade mission) number is requested in correspondence. Requests for loan material should specify country and TM number.

WTD indicates that a World Trade Directory report is available on the foreign firm for which the trade opportunity is listed. These reports, indicating type of organization, sales territory, size of business, sales volume, trade and financial reputation, and other factors, are available for $2 each from the Bureau of International Commerce, BIC-924, U.S. Department of Commerce, Rm. 6059. Telephone: 202-967-4203. The date following the letters WTD refers to the date of issuance of the report. If WTD is in preparation, action will be completed on a priority basis upon receipt of request specifically identifying the trade opportunity involved.

Sales Leads for Exporters

Listed below are companies interested in buying U.S. products. Direct purchases are wanted unless a desire for an agency agreement is expressed.

011 Field crop farms

SOUTH AFRICA—Good quality bagged tworowed barley for pearling: 400 long tons; shipment: half April, half July 1969. Victory Mills (Pty.) Limited (importing distributor), P.O. Box 105, Worcester, Cape Province. WTD 12/68.

019 Miscellaneous agriculture

SWITZERLAND—Seedlings without roots of following plants: dracaena sanderiana, dracaena deremensis warneckei, philodendron florida compacta, hoya exotica. Walter Luthi, Farn- und Grunpflanzen- Spez. Kulturen (horticulturist), 2543 Lengnau-Biel. WTD 9/68.

204 Grain mill products

SWEDEN—Wheat gluten; protein derivates, concentrates. Agency and direct purchase. Ingemar Munthe (agent, wholesaler), Magasinsgatan 3, S-411 18 Goteborg. WTD 2/68.

221 Cotton, broadwoven fabric mills, cotton

● **CEYLON**—Supply 60,000 yds. cotton ticking. Bid deadline 9:30 a.m. May 6. Samples required. Direct bids to the Chairman, Tender Board, Department of Government Stores, P.O. Box 418, Colombo. Tender documents available from the Office of Textiles, U.S. Department of

Commerce, Room 5026, Washington, D.C.★ (Telephone 202-967-5238).

227 Floor covering mills, products

SPAIN—Carpets, rugs of all kinds; first class qualities. Tapicerias Gancedo, S.A. (manufacturer, distributor), Recoletos 1, Madrid 1. WTD 2/69.

228 Yarn, thread mills, products

SWEDEN—PVC-coated nylon, terylene fabrics, width 150 cm. Only interested in direct offers from mills. Direct purchase and agency. C. H. Soderlund & Co. (agent), Arsenalsgatan 8, S-411 20 Goteborg C. WTD 2/68.

232 Men's, youths', boys' furnishings, work clothing

NETHERLANDS—Camp clothes, ski pants, suits, snow suits, ready-made clothing for hunting, mountaineering. Direct purchase and/or agency. Exclusive representation for Netherlands, other Benelux countries. C.i.f. quotations Amsterdam desired. Payments against documents. Carl Denig N.V. (importer, sales agent, exporter), 113-115 Weteringschans, Amsterdam. Attn: Mr. R. Limperg. WTD 2/68.

233 Women's, misses', juniors' outerwear

NETHERLANDS—Camp clothes, ski jackets, pants, suits, ready-made clothing for hunting, mountaineering. Direct purchase and/or agency. Exclusive representation for Netherlands, other Benelux countries. C.i.f. quotations Amsterdam requested. Payments against documents. Carl Denig N.V. (importer, sales agent, exporter), 113-115 Weteringschans, Amsterdam. Attn: Mr. R. Limperg. WTD 2/68.

239 Fabricated textile products

NETHERLANDS—Rucksacks, light-weight camping equipment. Direct purchase and/or agency. Exclusive representation for Netherlands, other Benelux countries. C.i.f. quotations Amsterdam desired. Payments against documents. Carl Denig N.V. (importer, sales agent, exporter), 113-115 Weteringschans, Amsterdam. Attn: Mr. R. Limperg. WTD 2/68.

241 Logging camps, logging contractors

KOREA—Douglas, hemlock fir logs, common lumber, top diameter 6" up, length 18' up, estimated annual requirement 200,000 MBF., purchase term 36 months credit upward, with L/C issued by local bank. Direct purchase and/or agency. Minwoo Co., Ltd. (importer, distributor), C.P.O. Box 826, Seoul. WTD 2/69.

251 Household furniture

NETHERLANDS—Folding, light-weight camp furniture, related camping equipment. Direct purchase and/or agency. Exclusive representation for Netherlands, other Benelux countries. C.i.f. quotations Amsterdam desired. Payments against documents. Carl Denig N.V. (importer, sales agent, exporter), 113-115 Weteringschans, Amsterdam. Attn: Mr. R. Limperg. WTD 2/68.

262 Paper mills, products

NETHERLANDS—Woodfree and groundwood printing, writing paper; following qualities of kraftliner: sack kraft; semi-chemical fluting. Direct purchase and/or agency. Exclusive representation for Netherlands and/or Belgium, Austria, Middle East. Direct purchase and agency. Papiermaatschappij Polak & Van Berg N.V. (importer, sales agent, exporter), 115 Cruquiusweg, Amsterdam. Attn: Mr. L. W. H. Leibbrand. WTD 1/68.

SWEDEN—Special printing paper for optical clearing recognition (OCR). Direct purchase and agency. Parajett, AB (manufacturer), Box 25, S-261 22 Landskrona. WTD 2/69.

263 Paperboard mills, products

NETHERLANDS—Drinking cup stock, similar qualities. Direct purchase and/or agency. Exclusive representation for Netherlands and/or Belgium, Austria, Middle East. Papiermaatschappij Polak & Van Berg N.V. (importer, sales agent, exporter), 115 Cruquiusweg, Amsterdam. WTD 1/68.

264 Converted paper, paperboard products

SPAIN—Wallpaper. Tapicerias Gancedo, S.A. (manufacturer, distributor), Recoletos 1, Madrid 1. WTD 2/69.

281 Industrial chemicals

● **CEYLON**—Bleaching powder, tropical, 33 to 35% chlorine content, packed in 112 lb. drums, five metric tons; kier assistants, kier boiling, non-ionic or anionic, used in kier boiling of gray cotton goods (examples Kierlon B. Ultravon JU, Lissapol D, Forryl R333, Hospital CV, etc.), one ton; and sulfuric acid, commercial, specific gravity 1.840, packed in containers of approximately 40 lbs. each, one ton. Reference DA/D/B/52 "Tender for Chemicals." Bid deadline Apr. 10. To the Department of Rural Development and Small Industries, Colombo 7. Chemicals Division, BDSA-665, U.S. Department of Commerce, Washington, D.C. 20230.★ (Telephone: 202-967-3468).

● **INDIA**—Urea for fertilizer use. The Government of India proposes to purchase urea of U.S. origin for shipment during June, July and August. Quantity—175,000 metric tons, bagged. Tender FP4(4)/69. Bid deadline 1 p.m. (New Delhi time) Apr. 7. Tender documents containing specifications and other conditions can be obtained from the India Supply Mission, 2536 Mass. Ave., NW., Washington, D.C. 20008. (Telephone: 202-265-5200).

KOREA—Flavors for cigarette making. Direct purchase and agency. Han Shin Corp. (importer, agent), I.P.O. Box 2785, Seoul. WTD 10/68.

282 Synthetic materials

NETHERLANDS—Transparent cellulose film for laminating. Direct purchase and exclusive representation. Altacel Transparant Verpakkingsindustrie N.V. (manufacturer, importer, exporter), 5-7 Burg. Kolfschotenstraat, or: P.O. Box 19, Volendam. Attn: Mr. D. F. Bongaertz. WTD 12/67.

283 Drugs

● **CONGO** (Kinshasa)—The Ministry of Health of the Democratic Republic of the Congo, Kinshasa, has issued an invitation (in French) for bids for the supply of drugs and pharmaceuticals. Invitation number 75/69, with a bid deadline of Apr. 28, calls for bids on 32 items, including acetylsalicylic acid 5 gr., 25,000 boxes/2,000 tablets; chloramine 5 gr., 3,000 bottles/1,000 tablets; chloroquine 1 gr., 20,000 boxes/1,000; vitamin C 5 gr.; 4,000 bottles/1,000 capsules and succinyl-sulfathiazole 5 gr., 5,000 boxes/1,000 tablets. Correspondence in French preferred.

Copies of this tender are available from the Chemicals Division, BDSA-665, U.S. Department of Commerce, Washington, D.C. 20230.★ (Telephone: 202-967-3394)

The Ministry of Health of the Democratic Republic of the Congo, Kinshasa, has issued invitations (in French) for bids for the supply of drugs and pharmaceuticals.

Invitation No. 73/69, bid deadline Apr. 21, calls for bids on 47 items including 1,400 bottles/500 tablets acetylsalicylic tablets; 1,000 bottles chloroform, 1,000 bottles/1 kg. quinine bichlorhydrate, 2,000 bottles of potassium permanganate.

Invitation No. 74/69, bid deadline Apr. 24, calls for bids on 29 items, including 100,000 ampuls/.01g morphine chlorhydrate; 2 million ampuls of distilled water; 500,000 ampuls/5% calcium chloride; 100,000 ampuls/25 mg. chlorpromazine I.M.; 150,000 ampuls/.02g procaine. Correspondence in French preferred.

Copies of these tenders are available from the Chemicals Division, BDSA-665, U.S. Department of Commerce, Washington, D.C. 20230.★ (Telephone: 202-967-3394).

JAPAN—Scopolamine-N-butylbromide (Ganglionic blocking agent recommended as an antispasmodic). Mita Pharmaceutical Co., Ltd. (manufacturer), 885 Inami, Inami-cho, Higashi-Tonami-gun Toyama Prefecture. WTD 7/68.

287 Agricultural chemicals

● **IRAN**—Fertilizer materials, 5,200 metric tons, assorted; 2,000, triple superphosphate, 46% P_2O_5; 2,700, urea 46% N; 300, potassium sulfate, 48% K_2O; and 200, ammonium sulfate, 20.5% N. Packaging not specified. Tender #F/1. Bid deadline 9 a.m. (local Tehran time) Apr. 10. The Ghazvin Development Authority, c/o Ministry of Agriculture, Tehran. Details of tender on file. Chemicals Division, BDSA-665, U.S. Department of Commerce, Washington, D.C. 20230.★ (Telephone: 202-967-3465).

● **TURKEY**—Fertilizer, 24,000 tons triple superphosphate, 42-49% P_2O_5, 80-90% water soluble, maximum moisture content five percent, maximum free acid three percent, 1-5 mm. diameter granular structure. Delivery in bags. Prices f.o.b. and c.f. Bank guarantee (letter) five percent f.o.b., final guarantee ten percent. Offers valid for 21 days min. Payment irrevocable letter credit. Bid deadline Apr. 3. Turkish Sugar Mills Corp. (Curkiye Seker Fabrikalari Genel Mudurlugu) Mithapasa Cadessi No. 14, Ankara. Copy of tender document expected. Chemicals Division, BDSA-665, U.S. Department of Commerce, Washington, D.C. 20230.★ (Telephone: 202-967-3465).

289 Chemical products

KOREA—Sizes for textile industry. Direct purchase and agency. Han Shin Corp. (importer, agent), I.P.O. Box 2785, Seoul. WTD 10/68.

SWEDEN—Insulating materials for electrical industries. Direct purchase and agency. AB Bromanco (agent, exporter, importer), 32

Eriksbergsgatan, S-114 30 Stockholm. WTD 2/69.

Special printing ink for optical clearing recognition (OCR). Direct purchase and agency. Parajett, AB (manufacturer), Box 25, S-261 22 Landskrona. WTD 2/69.

301 Tires, tubes

AUSTRIA—Tires for passenger cars, trucks. Direct purchase and agency. Gerhart Frisch (importer, wholesaler, manufacturers' representative), P.O. Box 39, A-1013 Vienna. WTD 4/68.

307 Plastic products

NETHERLANDS—Newly developed plastic packaging products, materials which are preferably not yet known or, at least, not yet mass-produced in Europe. Direct purchase and exclusive representation for Benelux countries. Schuiling Verpakking N.V. (importer, exporter), 234-236 Wethouder Nijhuisstraat, Enschede. Attn: Mr. A. Schuiling. WTD 12/67.

324 Cement

● **HONG KONG**—The Government of Hong Kong desires bids on the supply of 120,000 bags, 112 lbs./45 KG. each, of Portland cement. Bid deadline is Apr. 11. The tenders must be placed through local agents or through Crown Agents of London (their U.S. office is at 1300 Mass. Ave., NW., Washington, D.C. 20008). The name and address of the bid-letting agency is Secretary, Central Tender Board, Colonial Secretariat, Central Government Offices, Lower Albert Road, Hong Kong.

Copies of tender documents are available from the Construction and Building Materials Division, BDSA-645, Room 4813, U.S. Department of Commerce, Washington, D.C. 20230.★ (Telephone: 202-967-3602).

331 Steel mill products

● **CEYLON**—Pig iron, 350 tons of Grade I, 250 tons of Grade II. Tender for the supply of pig iron; bid deadline May 7. Ceylon Government Railway, Colombo. For further information contact Commercial Secretary, Embassy of Ceylon, 2148 Wyoming Ave., NW., Washington, D.C. 20008.

● **IRAN**—Galvanized pipe, 65,298 kgs. in three diameter sizes: 3", 4" & 6", double ended thread with one socket, six meter lengths; fittings, 6,185 pieces in 34 categories. Tender #1896/47; bid deadline Apr. 16. Iranian State Railways, Tehran. Copies of tender documents available from the Iron and Steel Division, BDSA-669, U.S. Department of Commerce, Washington, D.C. 20230.★ (Telephone: 202-967-2364).

333 Primary smelting, refining of nonferrous metals

KOREA—Zinc ingots, 99.95%, 50 metric tons per month. Hansa Corp. (wholesaler, importer, agent), C.P.O. Box 297 (Cable: HANSACORP, Seoul), Seoul. Attn: Mr. M. K. Park, Dir. WTD in preparation.

342 Cutlery, hand tools, general hardware

NETHERLANDS—Rope fittings, clamps, shackles, fasteners, other hardware for camping; hand spades, other hand tools for camping; hunting knives. Direct purchase and/or agency. Exclusive representation for Netherlands, other Benelux countries. C.i.f. quotations Amsterdam requested. Payments against documents. Carl Denig N.V. (importer, sales agent, exporter), 113-115 Weteringschans, Amsterdam. Attn: Mr. R. Limperg. WTD 2/68.

349 Fabricated metal products

NETHERLANDS—Valves for chemical, petrochemical, pharmaceutical, soft drink industries. Direct purchase and exclusive representation. N.V. Industriemaatschappij Transmark (importing distributor), 57 Hooftlaan, Bussum. Attn: Mr. E. Harmsen. WTD 3/68.

354 Metalworking machinery

SWEDEN—Pneumatic tools for automobile maintenance. Stigis (agent, wholesaler), Alabodsvagen, S-260 14 Glumslov, Sweden. WTD 3/68.

355 Special industry machinery

● **SOUTH AFRICA**—Design, manufacture, supply, testing and erection on prepared foundations of one oxygen plant, capable of producing 210 short tons per days (24 hrs.) of oxygen, 99.5% pure, at ambient temperature and at a pressure of 30 Kgm/sq. cm., complete with six oxygen storage vessels and all necessary pipework, ancillary equipment and electrical equipment. Tender No. P906, bid deadline May 5. Head, Capital Buying, South African Iron and Steel Corp., Ltd., P.O. Box 450, Pretoria, Transvaal.★ (Telephone: 202-967-5585).

SWEDEN—Printing machinery for production of continuous, other manifold forms. Direct purchase and agency. Parajett, AB (manufacturer), Box 25, S-261 22 Landskrona. WTD 2/69.

356 General industrial machinery

KOREA—Fuel powered stone cutting tools. Direct purchase and agency. Pentagram Enterprises, Inc. (sales agent), I.P.O. Box 2980, Seoul. WTD 2/69.

NETHERLANDS—Pumps for chemical, petrochemical, pharmaceutical, soft drink, food processing industries. Direct purchase and exclusive representation. N.V. Industriemaatschappij Transmark (importing distributor), 57 Hooftlaan, Bussum. Attn: Mr. E. Harmsen. WTD 3/68.

● **PAKISTAN**—Supply of 75 electric driven vertical sewage pumps and eight electric driven horizontal sewage pumps, complete with motors, electric switchgear, transformers, station piping, valves etc.; and one 175 kw diesel-electric generator set. Tender No. DS3-69, bid deadline Apr. 1. Chairman, Dacca Water Supply and Sewerage Authority, Standard Bank Bldg., 156/157 Motijheel Commercial Area, Dacca.★ (Telephone: 202-967-5585).

358 Service industry machines

FRANCE—Laundry, dry cleaning, pressing equipment, industrial and commercial, up-to-date machines, such as ironers, washers, extractors, wringers, driers, tumblers, steam-presses (tailor-type, others), related lines. Catalogs, price lists requested. Direct purchase and agency. Skalli, Roger (dealer), 9 Place du Capitole; 31- Toulouse, Haute-Garonne. WTD in preparation.

Commercial, industrial vacuum cleaners; floor waxing, polishing machines; floor sanding, scrubbing machines. Direct purchase and agency. Ets. Rigiflex (importer), 561 Rue St. Pierre, 13-Marseille, 12eme, France. WTD 3/69.

361 Electric transmission, distribution equipment

● **ECUADOR**—Construction of Manabi Project, Transmission lines and network, total of 80 Km. 13.2 Kwa. Tender No. 24, bid deadline Apr. 14.

Provide materials and equipment for construction of distribution networks and transmission lines, conductors, cable, insulators, fittings and auxiliary equipment. Tender No. 21, bid deadline Apr. 14.

Specifications on above tenders available for approx. $28 each plus $5 additional for air mail, from the Secretario General, Instituto Ecuatoriano de Electrificacion (INECEL) Avenida 10 de Agosto 817 y Riofrio, Quito, Ecuador. Correspondence preferred in Spanish.

GERMANY—Oscilloscopes, digital counters, HF-instruments, equipment, multi-channel recorders, power amplifiers, other electronic measuring instruments. Direct purchase and agency. nbn Elektronik GmbH (importer, agent), 813 Starnberg, Heinrich-Wielandstrasse 1. WTD 2/69.

U.S. DEPARTMENT OF COMMERCE—FIELD OFFICES

ALBUQUERQUE, N. MEX., 87101, U.S. Courthouse. Area Code 505 Tel. 843-2386.

ANCHORAGE, ALASKA, 99501, 306 Loussac-Sogn Bldg. Area Code 907 Tel. 272-6531.

ATLANTA, GA., 30303, 4th Floor Home Savings Bldg., 75 Forsyth St. N.W. Area Code 404 Tel. 526-6000.

BALTIMORE, MD., 21202, 305 U.S. Customhouse, Gay and Lombard Sts. Area Code 301 Tel. 962-3560.

BIRMINGHAM, ALA., 35205, Suite 200-201, 908 S. 20th St. Area Code 205 Tel. 325-3327.

BOSTON, MASS., 02203, Room 510, John Fitzgerald Kennedy Federal Bldg. Area Code 617 Tel. 223-2312.

BUFFALO, N.Y., 14203, 504 Federal Bldg., 117 Ellicott St. Area Code 716 Tel. 842-3208.

CHARLESTON, S.C., 29403, Federal Bldg., Suite 631, 334 Meeting St. Area Code 803 Tel. 577-4171.

CHARLESTON, W. VA., 25301, 3002 New Federal Office Bldg., 500 Quarrier St. Area Code 304 Tel. 343-6181 Ext. 375 and 376.

CHEYENNE, WYO., 82001, 6022 Federal Bldg., 2120 Capitol Ave. Code 307 Tel. 634-5920.

CHICAGO, ILL., 60604, 1486 New Federal Bldg., 219 South Dearborn St. Area Code 312 Tel. 353-4400.

CINCINNATI, OHIO, 45202, 8028 Federal Office Bldg., 550 Main St. Area Code 513 Tel. 684-2944.

CLEVELAND, OHIO, 44114, Room 600, 666 Euclid Ave. Area Code 216 Tel. 522-4750.

DALLAS, TEX., 75202, Room 1200, 1114 Commerce St. Area Code 214 Tel. 749-3287.

DENVER, COLO., 80202, 16419 Federal Bldg., 20th and Stout Sts. Area Code 303 Tel. 297-3246.

DES MOINES, IOWA, 50309, 609 Federal Bldg., 210 Walnut St. Area Code 515 Tel. 284-4222.

DETROIT, MICH., 48226, 445 Federal Bldg. Area Code 313 Tel. 226-6088.

GREENSBORO, N.C., 27402, 258 Federal Bldg., W. Market St. P.O. Box 1950. Area Code 919 Tel. 275-9111.

HARTFORD, CONN., 06103, 18 Asylum St. Area Code 203 Tel. 244-3530.

HONOLULU, HAWAII, 96813, 286 Alexander Young Bldg., 1015 Bishop St. Area Code 808 Tel. 546-5977.

HOUSTON, TEX., 77002, 5102 Federal Bldg., 515 Rusk Ave. Area Code 713 Tel. 226-4231.

JACKSONVILLE, FLA., 32202, P.O. Box 35087, 400 W. Bay St. Area Code 904 Tel. 791-2796.

KANSAS CITY, MO., 64106, Room 2011, 911 Walnut St. Area Code 816 Tel. 374-3141.

LOS ANGELES, CALIF., 90015, Room 450, Western Pacific Bldg., 1031 S. Broadway. Area Code 213 Tel. 688-2833.

MEMPHIS, TENN., 38103, 710 Home Federal Bldg., 147 Jefferson Ave. Area Code 901 Tel. 534-3214.

MIAMI, FLA., 33130, Rm. 821, City National Bank Bldg., 25 W. Flagler St. Area Code 305 Tel. 350-5267.

MILWAUKEE, WIS., 53203, Straus Bldg., 238 W. Wisconsin Ave. Area Code 414 Tel. 272-8600.

MINNEAPOLIS, MINN., 55401, 306 Federal Bldg., 110 S. Fourth St. Area Code 612 Tel. 334-2131.

NEW ORLEANS, LA., 70130, 909 Federal Office Bldg., S., 610 South St. Area Code 504 Tel. 527-6546.

NEW YORK, N.Y., 10007, 41st Floor, Federal Office Bldg., 26 Federal Plaza, Foley Sq. Area Code 212 Tel. 264-0634.

PHILADELPHIA, PA., 19107, Jefferson Bldg., 1015 Chestnut St. Area Code 215 Tel. 597-2850.

PHOENIX, ARIZ., 85025, 5413 New Federal Bldg., 230 N. First Ave. Area Code 602 Tel. 261-3285.

PITTSBURGH, PA., 15222, 2201 Federal Bldg., 1000 Liberty Ave. Area Code 412 Tel. 644-2850.

PORTLAND, OREG., 97204, 217 Old U.S. Courthouse, 520 S.W. Morrison St. Area Code 503 Tel. 226-3361.

RENO, NEV., 89502, 2028 Federal Bldg., 300 Booth St. Area Code 702 Tel. 784-5203.

RICHMOND, VA., 23240, 2105 Federal Bldg., 400 N. 8th St. Area Code 703 Tel. 649-3611.

ST. LOUIS, MO., 63103, 2511 Federal Bldg., 1520 Market St. Area Code 314 Tel. 622-4243.

SALT LAKE CITY, UTAH, 84111, 3235 Federal Bldg., 125 S. State St. Area Code 801 Tel. 524-5116.

SAN FRANCISCO, CALIF., 94102, Federal Bldg., Box 36013, 450 Golden Gate Ave. Area Code 415 Tel. 556-5864.

SAN JUAN, P.R., 00902, Room 100, Post Office Bldg. Phone 723-4640.

SAVANNAH, GA., 31402, 235 U.S. Courthouse and Post Office Bldg., 125-29 Bull St. Area Code 912 Tel. 232-4321.

SEATTLE, WASH., 98104, 8021 Federal Office Bldg., 909 First Ave. Area Code 206 Tel. 583-5615.

362 Electrical industrial apparatus

● **ECUADOR**—Supply one each 250 kw diesel generator and one each 750 kva substation; one each 350 kw diesel generator and one each 500 kva substation; two each 50 kw diesel generators; four each 50 kw and three each 100 kw diesel generators. Tender No. 22, bid deadline Apr. 29. Correspondence preferred in Spanish.

Specifications available for approx. $28, air mail $5 additional from the Secretaria General, Inecel, Avenida 10 de Agosto 817 y Riofrio, Quito, Ecuador.

363 Household appliances

NETHERLANDS—Camp stoves, heating equipment, other camping equipment. Direct purchase and/or agency. Exclusive representation for Netherlands, other Benelux countries. C.i.f. quotations Amsterdam desired. Payments against documents. Carl Denig N.V. (importer, sales agent, exporter), 113-115 Weteringschans, Amsterdam. Attn: Mr. R. Limperg. WTD 2/68.

366 Communications equipment

● **BELGIUM**—The Purchasing and Contracting Office, SHAPE Belgium, has issued Tender No. 69-70 PS/MEB, for the supply of test frames and affiliated equipment. Bid deadline is Apr. 15.

Bid should offer eight telegraph test frames with installed test and ancillary equipment. Nine telegraph distortion measuring sets. Nine telegraph test signal generators and thirty-two individually screened jack boxes.

Copies of tender announcement and specifications are available from the SHAPE, Purchasing and Contracting Office, ACE Communications and Electronics Equipment, CANDE Division, SHAPE Belgium, or on a short-term loan basis to firms located in the U.S. from the Electronics Division, BDSA-643, Room 4209, U.S. Department of Commerce, Washington, D.C. 20230.★ (Telephone: 202-967-4823).

GERMANY—Electronic field detection apparatus, other electronic control, detection or testing instruments. Direct purchase and agency. nbn Elektronik GmbH (importer, agent), 813 Starnberg, Heinrich-Wieland-Strasse 1. WTD 2/69.

● **SINGAPORE**—Supply and delivery of high-frequency and medium-frequency transmitting equipment, high-frequency single-side-band/independent-side-band radio receiving equipment, and very-high-frequency radiotelegraph equipment. Bid deadline is Apr. 14. Specifications are available on payment of $66 (refundable) to the Telecommunications Department, Telecommunications Building, 35 Robinson Rd., Singapore 1.

SWEDEN—Antennas, circuit breakers, emergency radio sets, communication radio set 200 mw, portable, water-proof, miniature type. Direct purchase and agency. Sune Huss AB (agent, importer), 76 Storholmsbackarna, S-127 43 Skarholmen. WTD 2/69.

367 Electronic components, accessories

SWEDEN—Semiconductors, other electronic components. Direct purchase and agency. AB Bromanco (agent, exporter, importer), 32 Eriksbergsgatan, S-114 30 Stockholm. WTD 2/69.

369 Electrical machinery, equipment, supplies

AUSTRIA—Automotive spark plugs. Direct purchase and agency. Gerhart Frisch (importer, wholesaler, manufacturers' representative), P.O. Box 39, A-1013 Vienna. WTD 4/68.

ISRAEL—Compact electrical units, sizes: 20, 250, 600 and 1,000 kva; 3 Ø Voltage 380 v; frequency 50 cps; shaft speed 3,000 rpm. Price quotation, delivery time, possibly excitation voltage control systems and switching panels requested. Bet-Shemesh Engines Ltd. (manufacturer), P.O. Box 88, Bet Shemesh. WTD 9/68.

Little things make the difference

"Quite often the difference in being successful and not being successful in a foreign market is that the successful firm is aware of and paying attention to the little things.

"These can be:

"Handling all overseas correspondence as quickly as possible;

"The ability to be understood in writing;

"Making certain that the sales literature and technical bulletins are in the language of the country;

"And tailoring the product to the customer's needs.

"To be successful in international trade takes more than a product and a desire to sell it. Often it is these little things that can make the big difference in overseas marketing."

—V. J. Borland, Export Manager, Quaker State Oil Refining Corp.

373 Ship building, repairing

URUGUAY—One new or used ferryboat, roll-on/roll-off type, 500/700 passengers, 70/100 automobiles; minimum speed 12 miles per hour with two diesel engines of approximately 1400 hp. each, two radars, one radio station; spare parts, accessories. Specifications available from Trade Opportunities Staff, BDSA-541, Rm. 4053, U.S. Department of Commerce, Washington, D.C. 20230. Navegacion Atlantida S.A. (transport company), c/o Jaime Bardecio, Calle Yi 1500, Ap. 403, Montevideo. WTD in preparation.

382 Instruments for measuring, controlling, indicating physical characteristics

NETHERLANDS—Parking meters (also coin-operated), other automatic parking lot, parking structure equipment. Direct purchase and exclusive representation. N.V. Industriemaatschappij Transmark (importing distributor), 57 Hooftlaan, Bussum. Attn: Mr. E. Harmsen. WTD 3/68.

384 Surgical, medical, dental instruments

NETHERLANDS—Surgical and medical instruments, apparatus; reusable and disposable instruments. Direct purchase and exclusive representation. Descriptive literature, price lists requested. Hendriks & van Steenbergen N.V. (importer, wholesaler), 33 Haarlemmerstraatweg, Halfweg. Attn: Mr. H. J. W. M. van Beek. WTD 2/68.

Nontechnical hospital supplies, preferably disposables, such as bandages, needles, similar products. Exclusive representations for Benelux countries. Continental Pharma Holland N.V. (importer, distributor), 189 Graaf Ottosingel, P.O. Box 103, Zutphen. WTD 2/69.

394 Toys, amusement, sporting goods

NETHERLANDS—Skin diving equipment, such as aqualungs, attachments, face masks, fins, etc.; skis, skiing equipment; mountaineering, hunting, camping equipment. Direct purchase and/or agency. Exclusive representation for Netherlands, other Benelux countries. C.i.f. quotations Amsterdam requested. Payments against documents. Carl Denig N.V. (importer, sales agent, exporter), 113-115 Weteringschans, Amsterdam. Attn: Mr. R. Limperg.

399 Manufacturing industries

JAPAN—Used pin ball machines, music boxes, other coin-operated amusement machines. Prefer those as is, but those sales operational acceptable. Yutaka Service Co., Inc. (dealer, manufacturer, rental service), 3-15 Kita 2-chome, Kunitachi-shi, Tokyo. WTD in preparation.

Greece invites bidders for TV, Radio equipment

The Greek Ministry of Commerce, State Purchases Directorate D, has issued Tender No. 4/20/69, for the supply of a TV transmitter, STL equipment and VHF radio communication system.

Bid deadline is Apr. 9.

Bid should offer one television transmitter and associated transmission group providing 1000 Kw ERP (vision carrier), control console, and test equipment, one VHF communications 154-174 MHz, 20-30 watts, one channel full duplex, one studio transmitter link system.

Copies of tender announcement and specifications are available from the Ministry of Commerce, State Purchases Directorate D, 50 Socratous Street, Athens, or on a short-term loan basis to firms located in the U.S. from the Electronics Division, BDSA-643, Room 4209, U.S. Department of Commerce, Washington, D.C. 20230.★ (Telephone: 202-967-4823).

NATO to buy telephone cable

NATO invites interested U.S. companies to submit bids for furnishing various quantities of armored telephone cable. Bid deadline Apr. 6. NATO clearance necessary.

Contact Minister of Defense, Viale Castro Pretorio, 00100 Rome, Italy.

Sales Representation

The firms listed below are interested in representing U.S. firms in the areas indicated. Exclusive distributorship for these commodities is wanted only if specified.

011 Field crop farms

FRANCE—Seed corn, primarily selected varieties; good quality lentils, beans (dry). Write: Ducournau, Georges (sales agent, broker), 16 Rue de Bardot; 40- Dax, Landes. WTD 5/68.

202 Dairy products

MALAWI—Powdered and liquid milk; cheese, other dairy products in bulk for re-packing. local distribution. Write: D. A. Blumberg (Malawi) Ltd. (agent, distributor), Kamuzu Highway, P.O. Box 167, Limbe. WTD 2/69.

203 Canning, preserving foods

MALAWI—Preserved fruits, vegetables, jams, in bulk for re-packing, local distribution. D. A. Blumberg (Malawi) Ltd. (agent, distributor), Kamuzu Highway, P.O. Box 167, Limbe. WTD 2/69.

204 Grain mill products

MALAWI—Flour, in bulk for re-packing, local distribution. D. A. Blumberg (Malawi) Ltd. (agent, distributor), Kamuzu Highway, P.O. Box 167, Limbe. WTD 2/69.

209 Food preparations

MALAWI—Instant coffee, drinking chocolate, soups, yeast, other foodstuffs suitable for importation in bulk for re-packing, local distribution. D. A. Blumberg (Malawi) Ltd. (agent, distributor), Kamuzu Highway, P.O. Box 167, Limbe. WTD 2/69.

222 Broad woven fabric mills, manmade fiber, silk

SWITZERLAND—Pocket lining in nylon: lining for suitings in nylon, polyester and twill; novelties for parkas. Gebr. Abegg, Gewebe aus Baumwolle und synthetischen Fasern (manufacturer, wholesaler), 8810 Horgen. WTD in preparation.

228 Yarn, thread mills, products

SWITZERLAND—Machine knitted clothing for women, manmade from wool, cotton.

Write: Bloch-Nethe Sohn & Co. (agent, importer), Todistrasse 63, 8039 Zurich. WTD in preparation.

229 Textile goods

NETHERLANDS—Piece goods such as fabrics for ladies' coats, dresses, blouses, other outerwear (excluding fabrics for men's suits), shirtings, lace goods, curtain fabrics, lingerie. Exclusive agency representation for American manufacturers and/or their export houses requested. Julius Meijer (sales agent), 84 Rokin, Amsterdam. WTD 4/68.

231 Men's, youths', boys' suits, coats, overcoats

SWITZERLAND—Men's, boys' coats, suits, similar products. Bloch-Nethe Sohn & Co. (agent, importer), Todistrasse 63, 8039 Zurich. WTD in preparation.

232 Men's, youths', boys' furnishings, work clothing

SWITZERLAND—Men's, boys' slacks, jeans. Bloch-Nethe Sohn & Co. (agent, importer), Todistrasse 63, 8039 Zurich. WTD in preparation.

233 Women's, misses', juniors' outerwear

SWITZERLAND—Ladies', girls' suits, dresses, slacks, coats. Bloch-Nethe Sohn & Co. (agent, importer), Todistrasse 63, 8039 Zurich. WTD in preparation.

234 Women's, misses', children's, infants' under garments

SWITZERLAND—Women's, misses' girdles, corsets. Bloch-Nethe Sohn & Co. (agent), Todistrasse 63, 8039 Zurich. WTD in preparation.

238 Apparel, accessories

SWITZERLAND—Men's, women's bathrobes; novelties. Bloch-Nethe Sohn & Co. (agent, importer), Todistrasse 63, 8039 Zurich. WTD in preparation.

242 Sawmills, planing mills

SWITZERLAND—Hemlock, Douglas fir timber. Otto Laderach's Erben (agent, manufacturer), 3076 Worb. WTD 3/68.

251 Household furniture

NETHERLANDS—Novelties, unique designs, all kinds of parts for baby furniture industry, such as plastic seats, other parts for baby chairs, baby beds; all kinds of parts, accessories for living, bed, dining room, kitchen furniture. Exclusive agency and/or representation for Benelux area. C. C. A. Embrechts (agent), 10 Top Naeffdreef, Tilburg. WTD 2/69.

253 Public building furniture

NETHERLANDS—All kinds of parts, accessories for school, canteen furniture. Exclusive agency and/or representation for Benelux area. C. C. A. Embrechts (agent), 10 Top Naeffdreef, Tilburg. WTD 2/69.

261 Pulp mills, products

GERMANY—Sulfite woodpulp for making fine paper; sulfate woodpulp for making newsprint, coarse paper. Pratje & Vollmer (agent, exporter), 28 Bremen, Frankenhauserstrasse 17. WTD 1/69.

281 Industrial chemicals

ITALY—Biochemicals, enzymes, coenzymes, chemical products for hospitals, sanitation, diagnosis. Interested firms should contact: D.ri Mascia Brunelli (distributor), Via Manzoni 41/a, Milano. WTD 2/69.

NETHERLANDS—Raw materials for chemical, pharmaceutical, foodstuff, plastics industries. Exclusive agency representation of American manufacturers. C. N. Schmidt N.V. (importer, sales agent, wholesaler), 8 Jan Rebelstraat, Amsterdam-18. Attn: Mr. C. M. Schmidt. WTD in preparation.

SPAIN—All classes of inorganic, organic chemicals. Requests replies in Spanish or French.

Write: Antonio Escudero Oliveros (distributor), Colon de Larreategui 33, Bilbao (9). WTD 2/69.

283 Drugs

ITALY — Dextrolevoparaoxyphenylethanolamine or dextroctopamine hydrochloride; poly-2-etoxyethylmetacrylate or similar product to be sprayed on the skin, wounds, vaccinations, etc., to produce dressing in form of thin protective film. D.ri Mascia Brunelli (distributor), Via Manzoni 41/a, Milano. WTD 2/69.

SWITZERLAND—Pharmaceutical preparations for human application. Girol Ltd. (agent, manufacturer), Helenastrasse 4, 8034 Zurich. WTD 2/69.

Future construction summary available

A quarterly summary of future construction projects abroad, contract award stories and significant foreign government tenders published in *International Commerce* and *Commerce Business Daily* during October, November and December 1968, is available to U.S. firms from the International Liaison and Trade Opportunities Staff (ILTO), BDSA-541, U.S. Department of Commerce, Washington, D.C. 20230. A pre-addressed mailing label should be included with the request to facilitate processing and mailing.

The summary, which may also be reviewed at any of the 42 Commerce Field Offices, alphabetically lists project summaries by country in five distinct classes: airport, seaport, railroad and highway projects; hydro and thermal electric plant and irrigation projects; hospital, hotel and housing projects; industrial plant projects; and comprehensive development projects. Whenever possible, names of contractors and responsible agencies are cited, as well as original publication dates.

A limited number of copies of the third quarter 1968 summary are also available upon request and will be distributed on a first-come basis.

284 Soap, detergents, cleaning preparations, perfumes, cosmetics

AUSTRIA—Cosmetics, toilet preparations, household chemicals. Herba Apotheker A.G. (importer, wholesaler, distributor), Michelbeuerngasse 9 a, A-1091 Vienna. WTD 2/69.

SWITZERLAND—Household detergents; all kinds of cosmetics, toiletries. Paul Eggimann AG (manufacturer, distributor), Alte Landstrasse 32, 8800 Thalwil. WTD 2/69.

Special and newly developed cosmetics, toilet preparations. Girol Ltd. (agent, manufacturer), Helenastrasse 4, 8034 Zurich. WTD 2/69.

287 Agricultural chemicals

HONDURAS—Insecticides, pesticides, fungicides for agricultural, veterinary use; fertilizers. Exclusive distribution. Quimicas Dinant de Centroamerica, S. A. de C. V. (manufacturer), Carretera a Suyapa, Tegucigalpa, D. C. WTD 8/68.

MALAWI—Fertilizer for tropical cash crops, in bulk for re-packing, local distribution. D. A. Blumberg (Malawi) Ltd. (agent, distributor), Kamuzu Highway, P.O. Box 167, Limbe. WTD 2/69.

289 Chemical products

MALAWI—Bulk salt or other basic foodstuffs, for re-packing into smaller quantities, and local distribution. D. A. Blumberg (Malawi) Ltd. (agent, distributor), P.O. Box 167, Limbe. WTD 2/69.

SWITZERLAND—Automotive chemical products. Peter Goldschmid & Co. AG (agent, manufacturer), Postfach, Feldeggstrasse 5, 8152 Glattbrugg. WTD 1/69.

342 Cutlery, handtools, general hardware

NETHERLANDS—All kinds of hardware, accessories for manufacture of household, school, canteen furniture. Exclusive agency and/or representation for Benelux area. C. C. A. Embrechts (agent), 10 Top Naeffdreef, Tilburg. WTD 2/69.

349 Fabricated metal products

ITALY—Advanced industrial valves. Giovannoni Ranzani & Co. S.p.A. (manufacturer), Via Lazzaretto 15, 20124 Milano. WTD 2/69.

354 Metalworking machinery

SWITZERLAND—Numerically controlled machine tools, related equipment for metalworking industries, similar newly developed products. Duap AG (importer, agent, wholesaler), Waldgasse 19, 3360 Herzogenbuchsee. WTD 2/69.

356 General industrial machinery

ITALY—Pumps, all types except piston. Giovannoni Ranzani & Co. S.p.A. (manufacturer), Via Lazzaretto 15, 20124 Milano. WTD 2/69.

357 Office, computing, accounting machines

ENGLAND—Magnetic striped ledger cards for use with mechanized accounting machines. J. G. Hardy & Co. Ltd. (printer), Park Rd., Castleford, Yorkshire. WTD 2/69.

361 Electric transmission, distribution equipment

GERMANY—Electric and electronic measuring instruments, test equipment. Exclusive agency. Wetronic GmbH (importer, distributor, agent), 8 Muenchen 80, St.-Veit-Strasse 22. WTD 2/69.

SWITZERLAND—Electric, electronic measuring, test instruments for metalworking industries. Duap AG (importer, agent, wholesaler), Waldgasse 19, 3360 Herzogenbuchsee. WTD 2/69.

362 Electrical industrial apparatus

SPAIN—All classes of electrical industrial apparatus. Requests replies in Spanish or French. Antonio Escudero Oliveros (distributor), Colon de Larreategui 33, Bilbao (9). WTD 2/69.

SWITZERLAND—Electric, electronic, other industrial control instruments, apparatus, equipment, especially for applications in metalworking industries. Duap AG (importer, agent, wholesaler), Waldgasse 19, 3360 Herzogenbuchsee. WTD 2/69.

366 Communication equipment

SPAIN—All classes of communication equipment. Industrial Electronica, S.A. (importer, distributor), Pradillo 64, Madrid 2. WTD 6/68.

367 Electronic components, accessories

GERMANY—Electronic components, accessories such as semiconductors, resistors. Exclusive agency. Wetronic GmbH (importer, distributor, agent), 8 Muenchen 80, St.-Veit-Strasse 22. WTD 2/69.

NETHERLANDS—Metal film resistors, similar discrete electronic components for application in military and professional equipment such as tantalum capacitors, thristors, MOS FETS, MOS LSI. Mr. Robert F. Wolf, Sales, Manager, Ingenieursbureau "ARQUATRON" N.V. (importer, distributor, installer, assembler, engineering consultant), 25 Willemstraat, Breda. WTD 2/69.

SPAIN—All classes of electronic components, accessories. Electronica Beg, S.A. (distributor), Canillas 4, Madrid (2). WTD 2/69.

371 Motor vehicles, motor vehicle equipment

SPAIN—Electrical parts, accessories for vehicular equipment. Automotive International Espanola, S.A. (distributor), Av. de Tenientes, 1, Motrico, Guipuzcoa. WTD 2/69.

382 Instruments for measuring, controlling, indicating physical characteristics

ENGLAND—Instrumentation relative to gas detection, analysis. Sole agents in United Kingdom, Western Europe, Scandinavia, any other uncommitted area; also interested in manufacturing under license. J. and S. Sieger Ltd. (manufacturer), Stanley Green Rd., Poole, Dorset. WTD 2/69.

394 Toys, amusement goods

NETHERLANDS—Novelties, unique designs for baby, doll carriage, stroller, walker industries, including nylon woven straps, wheels, springs, similar components. Exclusive agency and/or distributorship for Benelux countries. C. C. A. Embrechts (agent), 10 Top Naeffdreef, Tilburg. WTD 2/69.

Choice of language

Some people—about seven-eighths of them—just do not understand English.

So when you answer an advertiser in these pages who requests replies in his own language oblige him *and* yourself.

Ask the Department of Commerce Field Office for advice.

Visiting Buyers and Officials

AUSTRALIA—F. C. Higginson, Air Express (Holdings) Ltd., Archerfield Aerodrome, Brisbane, **interested in obtaining a license to manufacture air frame sheet metal components of light and medium type aircraft in Australia to supply American market.** Mar. 22 via New York for two weeks. c/o Donald Parser, A. G. Parser Inc., 54 W. 46th St., New York, N.Y. Itinerary: New York, Washington, D.C., Houston, New Orleans, Los Angeles, San Francisco. WTD 3/68.

CHILE—Osvaldo Escudero G., representing A. J. Garmendia I., S.A., Almirante Barroso 770, Santiago, **interested in contacting U.S. manufacturers of stationary internal combustion engines and requesting technical information.** Mar. 12 via Miami for 20-25 days. c/o Chilean Consulate General, 61 Broadway, New York, N.Y. 10006. Itinerary: New York, Milwaukee. WTD 3/68.

ENGLAND—J. L. Bird, gen. mgr., and M. S. Passingham, gen. sales mgr., Ultronic Data Systems Ltd., 35/37 Park Road, London N.W. 10, **interested in investigating possible marketing and manufacturing franchises in the following product/market areas or related areas: computer input/output, data collection, data communication, data preparation, magnetic tape date preparation equipment, also ranges of office machines with a systems capability.** End of Mar. or early April via New York for undetermined length of time. Itinerary: New York, Washington, Los Angeles. WTD 4/68.

FRANCE—Mr. Ferry, Cofiba, 94 rue Amelot, Paris 11, **interested in machines and tools for electronic equipment industry.** Mar. 21 via New York for one week. c/o Allmendinger, Inc., 74 Trinity Place. New York, N.Y. 10006. Itinerary: New York State. WTD 8/67.

THAILAND—B. Boonrueng, marketing director, Siam Refining Supplies Co. Ltd., 264/4-6 Rama 1 Road, Bangkok, **interested in new agency lines to import into Thailand, such as electronic equipment, mechanical equipment, household supplies, general merchandise and to export tapioca and maize.** About Mar. 10 via Honolulu for approx. 20 days. c/o Commerce Field Offices in cities on itinerary. Itinerary: Honolulu, San Francisco, Los Angeles, Chicago, Milwaukee, Waukesha, Wisc., New York, possibly Boston. WTD 2/69.

New Books and Reports

***Louisiana International Trade Directory.* Published by International House. New Orleans. 1969. 67pp. $2.50.**

International House, New Orleans' trade promotion organization, and the Louisiana Department of Commerce and Industry, have compiled a directory of exporters, importers, manufacturers, transportation agencies, freight forwarders, and other trade service organizations in Louisiana. It is divided into five sections: multilingual index (English, French, Spanish, Italian, German, and Portuguese), commodity listing, alphabetical listing, allied service organizations, and information on the ports of Louisiana.

Free copies are available to International House member firms, foreign diplomats, and trade promotional organizations throughout Europe, Asia, Latin America, and parts of Africa.

Write: Trade Development Office, International House, 611 Gravier St., New Orleans, La. 70130.

***A Monetary Policy for Latin America.* By Pierre Uri, et al. Published by Frederick A. Praeger. New York. 1968. 150pp. $15.**

In many countries of Latin America, monetary instability is a basic obstacle to social progress and international cooperation. This study discusses the effects of inflation on the distribution of income in Latin America, and on political stability and economic development.

The main section of the book presents an analysis of the direction monetary policy must take, according to the authors, in order to bring about enduring stability.

Write: Frederick A. Praeger, Publishers, 111 Fourth Ave., New York, N.Y. 10003.

***Manual of Employment Practices in Japan.* Published by the American Chamber of Commerce in Japan. Tokyo. 1968. $8.39.**

The results of a special study made by the Labor Relations Committee of the American Chamber of Commerce in Japan are printed as a ready reference work on employment practices in Japan. Contents cover questions of work regulations, the work week, compensation and miscellaneous payments, employee benefits, group insurance, recruitment selection and training, retirement, employee relations, unions, and other facets of labor.

For those who already have the *Manual*, issued in Dec. 1967, the revisions only are available for $1.39.

Write: The American Chamber of Commerce in Japan, 701 Tosho Bldg., 14, 3-chome, Marunouchi, Chiyoda-ku, Tokyo, Japan.

Containerization symposia minutes are published

A four-volume edition has been published of the symposia minutes of the Second International Container Services and Equipment Exposition held at Baltimore in the fall of 1968.

Participants in the symposia included transportation executives, maritime officials, government figures, labor leaders, and writers and editors—all experts in the field of containerization.

Each volume covers the minutes of a single day's discussions. Topics are: port and labor aspects of containerization; regulation of containers, customs, international banking, marine insurance, cleaning and sanitizing and container transportation; carriage by truck, rail, air and ship; and intermedability, international transportation consultation, freight forwarding, handling and new concepts.

Priced at $12 per volume, or $20 for all four, the publication is available from: Mack-Brooks Ltd., Suite 438-440, Lord Baltimore Hotel, Baltimore, Md. 21203.

***U.S. Gold and Silver Movements, 1968.* Published by the Department of Commerce. Washington, D.C. 1969. 5pp. 10 cents.**

Included in this Bureau of the Census publication are tables summarizing U.S. exports and imports of gold and silver for 1968, a breakdown of exports and imports by countries and customs districts, and annual totals of U.S. gold and silver exports and imports, 1964-68.

Write: Bureau of the Census, Washington, D.C. 20233.

***Overseas Business Reports.* U.S. Department of Commerce. Washington, D.C. 1969. $16 per year. ($5 additional for overseas mailing), 15 cents per copy.**

Foreign Trade Regulations of Ceylon. OBR 68-107. 9pp. Trade policy, import tariff system, documentation, labeling and marking requirements, special customs provisions, nontariff import controls, export controls, U.S. controls, and government representation are all covered.

Foreign Trade Regulations of Belgium-Luxembourg. OBR 68-108. 12pp. The same topics listed above for Ceylon are included in this report on the Belgium-Luxembourg Economic Union.

Basic Data on the Economy of Spain. OBR 68-110. 19pp. Information on geography, population, government, economic structure, agriculture, manufacturing, labor force, finance, foreign trade, and many other subjects is presented.

Basic Data on the Economy of Zambia. OBR 68-111. 30pp. Similar topics to those listed above for Spain are covered in this report.

Basic Data on the Economy of French Guiana. OBR 68-112. 7pp. Similar topics to those listed above for Spain are covered in this report.

Write: any Department of Commerce Field Office or Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

***Food Guide to Europe 1969.* Published by the Noyes Development Corp. Park Ridge, N.J. 1969. 130pp. $20.**

This is a directory of the European food processing industry, intended to provide information for sales, market research, development, planning, acquisitions, and mergers.

More than 800 leading European firms in 18 countries are covered, with the following information provided: name and address, ownership, plant locations, products, local subsidiaries and affiliates, foreign subsidiaries and affiliates, principal executives, annual sales, number of employees.

The book was prepared by the publisher's London office, which is a focal point for its gathering of commercial intelligence regarding European processing industries.

Write: Noyes Development Corp., Noyes Bldg., Park Ridge, N.J. 07656.

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Calendar *for international traders*

BOSTON—Mar. 31—Export Workshop on Credit Insurance & Eximbank Programs, Int'l House, Int'l Center of New England, 9:30 a.m.; luncheon, 12 noon. Sponsors: Commerce Field Office, REEC, Int'l Center of New England, Eximbank, FCIA.

BUFFALO—Apr. 11—Businessmen's Consultation, **Paul McCusker, Economic Counselor, Djakarta.** Sponsor: Commerce Field Office.

CHICAGO—Apr. 1—Automotive Exporters' Club of Chicago, Builders Bldg.

CHICAGO—Apr. 8—In-Office Meeting, Chicago Field Office.

CHICAGO—Apr. 9—Businessmen's Consultation, **Paul McCusker, Economic Counselor, Djakarta.** Sponsor: Commerce Field Office.

CLEVELAND—Apr. 3—International Trade luncheon meeting, American Room, Mid-Day Club, Union Commerce Bldg., 12 noon. Sponsor: Cleveland World Trade Assn.

CLEVELAND—Apr. 9—Roundtable on Export Problems, Commerce Field Office, 10 a.m.

CRANSTON, R.I.—Apr. 2—Export Workshop on Credit Insurance & Eximbank Programs, Colony Motor Hotel, 9:30 a.m.; luncheon, 12 noon. Sponsors: Commerce Boston Field Office, REEC, Eximbank, FCIA, World Trade Club of Greater Providence Chamber of Commerce.

DANBURY, Conn.—Apr. 3—Foreign Trade Class, "Phases of Int'l Transportation," Chamber of Commerce, 7 p.m. Sponsors: Commerce Hartford Field Office, REEC, Chamber of Commerce.

DAYTON, O.—Apr. 2—Second Annual Export Trade Workshop, "World Trade—An Overview," Rm. 310, Kennedy Memorial Union, University of Dayton, 7:30 p.m. Sponsors: Commerce Cincinnati Field Office, REEC, Chamber of Commerce, U. of Dayton.

DENVER—Apr. 7—Businessmen's Consultation, **Paul McCusker, Economic Counselor, Djakarta.** Sponsor: Commerce Field Office.

DETROIT—Apr. 3—Trade & Investment luncheon-conference, **members of Trade Mission to Cameroon, Ivory Coast,** Whittier Hotel, 12:15 p.m. Sponsors: Commerce Field Office, REEC.

DETROIT—Apr. 8—Export Seminar, Rm. 445, Federal Bldg., 9:30 a.m. Sponsor: Commerce Field Office.

DETROIT—Apr. 10—Businessmen's Consultations, **Paul McCusker, Economic Counselor, Djakarta.** Sponsor: Commerce Field Office.

DETROIT—Apr. 10-11—International Management Seminar, "How To Get Into Export Marketing" Graduate School of Business, University of Michigan. Co-sponsor: Commerce Field Office.

DOYLESTOWN, Pa.—Apr. 7—International Trade Development Assn. of Bucks County monthly meeting, Conti's Cross Keys Inn, 5:30 p.m.

KANSAS CITY—Apr. 10—Export Development Workshop, Federal Office Bldg., 2 p.m. Sponsors: Commerce Field Office, REEC.

LOS ANGELES—Apr. 2-3—Businessmen's Consultation, **Paul D. McCusker, Economic Counselor, Djakarta.** Sponsor: Commerce Field Office.

LOUISVILLE—Apr. 1—Kentuckiana World Commerce Council monthly dinner meeting, Holiday Inn Central, 6:30 p.m.

MEMPHIS—Apr. 8—First of 7 Export Educational Seminars, "Organizing for Export," Auditorium, Memphis Board of Education. Sponsors: Commerce Field Office, REEC, Small Business Admin., Mid-South Exporters' Roundtable, Memphis Div. of Vocational Education.

MILWAUKEE—Apr. 3—Milwaukee World Trade Club monthly meeting, "Changing Times in International Trade," Holiday Inn Central.

MINNEAPOLIS—Apr. 1—Export Trade Workshop on Selling & Marketing Abroad, Rm. B-29, Federal Courts Bldg., 3 p.m. Sponsors: Commerce Field Office, Minn. World Trade Assn., Upper Midwest REEC.

MINNEAPOLIS—Apr. 8—Businessmen's Consultation, **Paul McCusker, Economic Counselor, Djakarta.** Sponsor: Commerce Field Office.

MINNEAPOLIS—Apr. 10—Export Seminar on Marine Insurance on Export Cargo, Rm. B-29, Federal Courts Bldg., 3 p.m. Sponsors: Commerce Field Office, Upper Midwest REEC.

NEW HAVEN, Conn.—Apr. 2—Foreign Trade Class, "Introduction to World Trade," First New Haven National Bank, 7 p.m. Sponsors: Commerce Hartford Field Office, REEC, Greater New Haven Chamber of Commerce, First New Haven National Bank.

ST. LOUIS—Apr. 1—"Show You" Export Workshop, Conference Room, Federal Bldg., 2 p.m. Sponsors: Commerce Field Office, REEC.

SAN FRANCISCO—Mar. 31-Apr. 1—Businessmen's Consultation, **Paul D. McCusker, Economic Counselor, Djakarta.** Sponsor: Commerce Field Office.

SEATTLE—Apr. 4—Outlook in Indonesia, noon luncheon, Board Room, Chamber of Commerce. Speaker: **Paul McCusker, Economic Counselor, Djakarta.** Sponsor: World Trade Division, Chamber of Commerce.

STAMFORD, Conn.—Mar. 31—Foreign Trade Class on Financing Export Shipments, Chamber of Commerce, 7 p.m. Sponsors: Commerce Hartford Field Office, REEC, Fairfield County Trust Co., Stamford Chamber of Commerce.

TRENTON, N.J.—Apr. 11—Delaware Valley International Trade Assn. monthly meeting, Don Young's Restaurant, 12:15 p.m.

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